

Mr. HAYDEN. The usual request, that the committee amendments be first considered before amendments offered from the floor are considered.

Mr. WHERRY. I have no objection. The PRESIDING OFFICER. Is there objection to the request of the Senator from Arizona? The Chair hears none and it is so ordered.

# RECESS

Mr. McFARLAND. Mr. President, I move that the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 6 o'clock and 14 minutes p. m.) the Senate took a recess until tomorrow, Tuesday, May 8, 1951, at 12 o'clock meridian.

## HOUSE OF REPRESENTATIVES

MONDAY, MAY 7, 1951

The House met at 12 o'clock noon. The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

O Thou who art the source and inspiration of everything that is high and holy we pray that we may be more keenly aware of Thy presence and power as we enter upon this new week.

Grant unto us that strength and serenity, that faith and fortitude of mind and heart which we need as we accept the challenge of imperishable ideals and principles.

We pray that we may be a united people and have a clearer vision and appreciation of the multiplied power which we shall experience through our union in service for our beloved country.

Make us tireless in our efforts and unrelenting in our hope of the coming of that day when justice and righteousness and peace shall be established upon the earth.

Hear us in the name of our blessed Lord whose supreme purpose and greatest joy was to do Thy holy will. Amen.

The Journal of the proceedings of Friday, May 4, 1951, was read and approved.

# MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Carrell, one of its clerks, announced that the Senate had passed without amendment bills and a concurrent resolution of the House of the following titles:

H. R. 321. An act to provide that on and after January 1, 1952, dividends on national service life insurance shall be applied in payment of premiums unless the insured has requested payment of dividends in cash;

H. R. 576. An act for the relief of Fred E. Weber;

H. R. 591. An act for the relief of R. J. Scheuerman, Daniel Fuller, W. Hardesty, and John M. Ward;

H. R. 594. An act for the relief of Japhet K. Anvil and Howard A. Monroe;

H. R. 622. An act for the relief of Mrs. Oksana Stepanovna Kasenkina;

H. R. 632. An act for the relief of Janina Wojciecka, Wojciech Andrej Wojcicki, and Stanislaw Wojcicki;

H. R. 664. An act for the relief of Mrs. Coral E. Alldritt;

H. R. 667. An act for the relief of Hildegard Dettling and Judith Ingeborg Dettling;

H. R. 714. An act for the relief of James A. G. Martindale;

H. R. 781. An act for the relief of Frederick Edmond Tomkins, Mary Ann Tomkins, and Edward Marshall Tomkins;

H. R. 789. An act for the relief of John Yan Chi Gee;

H. R. 859. An act for admission to the United States of Mrs. Margot Kazerski;

H. R. 887. An act for the relief of First Lt. Walter S. Moe, Jr.;

H. R. 889. An act for the relief of Lena Valsamis and Lucy Balosa Valsamis;

H. R. 890. An act for the relief of Athina Mary Onassis;

H. R. 891. An act for the relief of Mary Valsamis Dendramis and Vassili G. Dendramis;

H. R. 898. An act for the relief of Gunter Arno Thelemann;

H. R. 1101. An act for the relief of Mrs. Sadako Kawamura Lawton;

H. R. 1111. An act for the relief of Taro Takara;

H. R. 1117. An act for the relief of Kimiko Shibuya;

H. R. 1121. An act for the relief of Chin Yok Kong;

H. R. 1141. An act for the relief of St. Patrick Hospital and the Western Montana Clinic;

H. R. 1150. An act for the relief of Mario Pucci, Giacomo Favetti, Giuseppe Omati, Vincenzo Andreani, Lambruno Sarzanini, and Alessandro Costa;

H. R. 1164. An act for the relief of Pietro Giannettino;

H. R. 1263. An act for the relief of Dr. Chia Len Liu;

H. R. 1264. An act for the relief of Jacquelyn Shelton;

H. R. 1421. An act for the relief of Dr. Ferdinand Van Den Branden;

H. R. 1422. An act for the relief of Carl Parks;

H. R. 1438. An act for the relief of Mrs. Ingeborg Ruth Sattler McLaughlin;

H. R. 1451. An act for the relief of Charles R. Kelcher;

H. R. 1475. An act for the relief of Elena Erbez;

H. R. 1798. An act for the relief of the estate of Yoshio Fukunaga, deceased;

H. R. 2068. An act for the relief of Sook Kat;

H. R. 2175. An act for the relief of Addie Dean Garner Scott;

H. R. 2304. An act for the relief of Bernard F. Elmers;

H. R. 2357. An act for the relief of Lucia Adamos;

H. R. 2450. An act for the relief of Concetta Santagati Giordano;

H. R. 2654. An act to amend section 10 of Public Law 378, Eighty-first Congress;

H. R. 2714. An act for the relief of Marcelle Lecomte;

H. R. 3196. An act to amend section 153 (b) of the Internal Revenue Code;

H. R. 3291. An act to amend subdivision a of section 34 of the Bankruptcy Act, as amended;

H. R. 3292. An act to amend subdivision a of section 55 of the Bankruptcy Act, as amended; and

H. Con. Res. 62. Concurrent resolution favoring the granting of the status of permanent residence to certain aliens.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H. R. 588. An act to confer jurisdiction upon the District Court for the Territory of Alaska to hear, determine, and render judgment upon certain claims of William Bergen;

H. R. 593. An act for the relief of Cleo C. Reeves, Floyd L. Murphy, and Fabian P. Durand;

H. R. 645. An act for the relief of Mr. and Mrs. A. C. Lupcho;

H. R. 652. An act for the relief of the estate of Mattie Mashaw;

H. R. 656. An act to confer jurisdiction upon the United States District Court for the District of New Mexico to hear, determine, and render judgment upon the claim of Al Parker;

H. R. 703. An act for the relief of the estate of D. A. Montgomery;

H. R. 756. An act for the relief of Nicoletta and Guilia Pontrelli;

H. R. 849. An act for the relief of Mrs. Eleanor K. Savidge;

H. R. 1235. An act for the relief of John Clarke;

H. R. 1424. An act for the relief of T. L. Morrow;

H. R. 1722. An act for the relief of Louise Leitzinger and her daughter;

H. R. 1823. An act for the relief of Jose Encarnacion Ortiz;

H. R. 2782. An act conferring jurisdiction upon the Court of Claims to hear and determine the claim of Auf der Heide-Aragona, Inc., and certain of its subcontractors against the United States; and

H. R. 3297. An act to authorize the Commissioners of the District of Columbia to appoint a member of the Metropolitan Police Department or a member of the Fire Department of the District of Columbia as Director of the District Office of Civil Defense, and for other purposes.

The message also announced that the Senate had passed bills and concurrent resolutions of the following titles, in which the concurrence of the House is requested:

S. 24. An act to amend the act entitled "An act to provide better facilities for the enforcement of the customs and immigration laws," approved June 26, 1930, as amended;

S. 275. An act for the relief of Rafael Kubelik, his wife, Ludmila Kubelik, and their minor son, Martin Kubelik;

S. 291. An act for the relief of Claudio Pier Connelly;

S. 297. An act for the relief of Tsung Hsien Hsu;

S. 360. An act for the relief of Stefan Lenartowicz and his wife, Irene;

S. 467. An act to authorize the exchange of wildlife refuge lands within the State of Minnesota;

S. 536. An act for the relief of the estate of Sidney Lomax, deceased;

S. 652. An act for the relief of Ruth Alice Crawshaw;

S. 677. An act to fix the personnel strength of the United States Marine Corps, and to establish the relationship of the Commandant of the Marine Corps to the Joint Chiefs of Staff;

S. 879. An act for the relief of Luigi Podesta;

S. 915. An act for the relief of Betty Minoru Kawachi;

S. 945. An act to amend the District of Columbia Teachers' Salary Act of 1947;

S. 1025. An act to expand the authority of the Coast Guard to establish, maintain, and operate aids to navigation to include the Trust Territory of the Pacific Islands;

S. 1054. An act for the relief of Curt Edward Friese;

S. 1092. An act for the relief of Dr. Francesco Drago;

S. 1109. An act for the relief of Grady Franklin Welch;

S. 1113. An act for the relief of Philip J. Hincks;

S. 1183. An act to amend the act entitled "An act to authorize the construction, protection, operation, and maintenance of public airports in the Territory of Alaska," as amended;

S. 1220. An act to authorize the appointment of Berni Balchen as a permanent colonel in the Regular Air Force;

S. 1227. An act for the relief of sundry former students of the Air Reserve Officers' Training Corps;

S. 1229. An act for the relief of Jan Joseph Wieckowski and his wife and daughter;

S. 1254. An act for the relief of Athanasios Elias Cheliotis;

S. Con. Res. 11. Concurrent resolution reaffirming the friendship of the American people for all the peoples of the world, including the peoples of the Soviet Union; and

S. Con. Res. 26. Concurrent resolution favoring the suspension of deportation of certain aliens.

#### COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER laid before the House the following communication from the Clerk of the House of Representatives:

MAY 7, 1951.

The honorable the SPEAKER,  
House of Representatives.

SIR: Desiring to be away from my office for several days, I hereby designate Mr. H. H. Morris, an official in my office, to sign any and all papers and do all other acts for me which he would be authorized to do by virtue of this designation and of clause 4, rule III, of the House.

Respectfully yours,

RALPH R. ROBERTS,  
Clerk of the House of Representatives.

#### CONSENT CALENDAR

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the call of the Consent Calendar today be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

#### COMMITTEE ON BANKING AND CURRENCY

Mr. SPENCE. Mr. Speaker, I ask unanimous consent that the Committee on Banking and Currency, during the consideration of the bill H. R. 3871, be permitted to sit while the House is in session in general debate.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

#### SPECIAL ORDER GRANTED

Mr. KELLEY of Pennsylvania asked and was given permission to address the House for 5 minutes on tomorrow, following the legislative program and any special orders heretofore entered.

#### ARTIFICIAL LIMBS

Mr. KELLEY of Pennsylvania. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. KELLEY of Pennsylvania. Mr. Speaker, again I would call the attention of the Members to the demonstration that will be held in the Old House Office caucus room on Thursday of this week. The purpose of this demonstration is to display to the Members and the public the latest artificial arms and legs.

The development of these devices has been carried out by the National Research Council over a period of years.

The funds for its operation were authorized in a bill presented by the gentleman from Massachusetts, Mrs. EDITH NOURSE ROGERS, who has done such extraordinary work in behalf of the amputee veterans.

The demonstration will be made by amputees of the Second World War and the Korean campaign. While there are some 20,000 amputees as a result of World Wars I and II and the Korean campaign, in the civilian population of the Nation there are at least 12 times that number. Through legislation sponsored by the gentleman from Massachusetts [Mrs. ROGERS] and me and adopted by the Congress, the civilian population receives the benefit of the scientific developments in artificial limbs made by the National Research Council. The advances made have been most remarkable, as I pointed out the other day, and I hope to have more to say about this before Thursday.

#### UNITED NATIONS EMBARGO ON ARMS TO RED CHINA

Mr. ROGERS of Florida. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. ROGERS of Florida. Mr. Speaker, I am today introducing a concurrent resolution urging the General Assembly of the United Nations to take action with respect to placing an arms embargo against Communist China and for other purposes.

The American proposal to have the United Nations General Assembly recommend that an arms embargo be clamped down on Red China should have the united endorsement of all member nations of the United Nations.

Under the proposal, the Assembly would call upon all members not to send arms, ammunition or war-potential materials to Red China and that steps be taken to prevent nullification of the embargo, and that a special committee to receive periodical reports from the member states and to take such other measures aimed at making the program as effective as possible.

My resolution further recites that Communist China has long since been banned as an aggressor by an overwhelming majority of the member nations of the United Nations; and that more than a dozen member nations are participating directly with the United States in the heroic military action against the common enemy in Korea.

The resolution further provides that no soldier fighting under the flag of the United Nations should be the target of a bullet, a bomb, or a tank manufactured in the free world or required to fight against troops supplied with materials coming from a free world.

One of our representatives in the United Nations has expressed the view that in his judgment an Assembly-declared embargo, besides helping to strengthen and tighten up present shipping bans, would serve as further proof of the United Nations unity against

aggression. This same representative further expressed the view that it was hard to see how any member of the United Nations who supports United Nations action in Korea could reasonably object to a determination by the United Nations that no United Nations soldier should be the target of a bullet manufactured in the free world.

It is my opinion that our boys who are fighting in Korea should not be killed and murdered with arms, guns and tanks coming from members of the United Nations for whom these soldiers are fighting. This resolution will be a great force in upholding the hands of the American representatives in the General Assembly of the United Nations to bring about action leading to the placing of an embargo on the shipment to Communist China of war materials from any of the United Nations, and this Congress should not hesitate for one moment to pass this resolution unanimously which might bring about the banning of shipping war materials to Communist China.

The SPEAKER. The time of the gentleman from Florida has expired.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. DAGUE. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks and include extraneous material.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

[Mr. DAGUE addressed the House. His remarks appear in the Appendix.]

#### THE OPS ROLL-BACK ON BEEF IS WRONG

Mr. REES of Kansas. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks and include a copy of a telegram.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. REES of Kansas. Mr. Speaker, I rise at this time to call attention to the recent order of the Office of Price Stabilization directing that the price of live cattle be rolled back or reduced by 10 percent from the level of April 29, and a further roll-back of 9 percent this fall.

This order, in my opinion, will result in less and not more meat for the American public. The order is discriminatory, unfair, and unworkable. It is directed against a segment of American people who are doing everything they can to produce food and more food for the people of this Nation. This order does not even stabilize prices where they are, but rolls them back, which is not done to any other segment of industry or business.

Mr. DiSalle admits that the present order will not presently result in cheaper prices of meat for the consumer, but the forced reduction against the producer will go to the larger processors of meat.

Certainly a roll-back is not stabilization. What we really need is more and more production. This order is bound to mean less production of meat.



You will observe the order provides that those engaged in the processing of meat are allowed to slaughter 90 percent of the amount processed a year ago. Why there should be reduction rather than increase is something that goes unexplained.

This order will discourage farmers and stockmen from finishing cattle for beef, which again will result in a further scarcity of the beef supply. So the order will not accomplish the purpose for which the Office of Price Stabilization has claimed for it.

This order does not even allow farmers 85 percent of profits made last year as permitted in business and industry. If the roll-back means a loss, you take it and that is all there is to it.

The order will create all kinds of confusion. Confusion in grading, which is an important factor and most difficult to administer. This alone will make various differences in the sale price of livestock on the market. The order will cause further confusion for the reason that livestock men who, by reason of the kind of business in which they are engaged, are required to operate on a long-range program will become discouraged on account of the uncertainty in the months ahead.

I think the Members of this House will be interested in knowing that while one agency of Government issues an order that will curb production, another agency is presently giving consideration to the encouragement of importation of livestock from foreign countries. It also goes so far as to suggest a subsidy program for the livestock business. That is one thing the livestock business does not want.

I should also add according to figures submitted by the Department of Agriculture, less than 5 percent of the income goes for meat, and beef is only a part of that segment of food.

I agree livestock prices are high, but the method by which the Office of Price Stabilization attempts to deal with the situation is unworkable, socialistic and wrong. It will not accomplish the purpose for which it is claimed to be designed. Why penalize one group against the other? The thing we should do is to encourage every farmer and every livestock man in this country to produce all the food possible, and not follow a socialistic program that will do irreparable harm not only to one of the most important industries in this country, but to the individual farmer who cannot stand the loss.

Mr. Speaker, this order is not a stabilization order. It does not stabilize at present prices. If it did that, there would not be quite so much complaint. This is a directive that reduces the price of the property of the farmers of this country without regard to its real value, and a further order for another reduction regardless of the loss that may be sustained. It just will not work.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. VAN ZANDT. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

[Mr. VAN ZANDT addressed the House. His remarks appear in the Appendix.]

#### ROLL-BACK ON THE PRICE OF MEAT

Mr. JAVITS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. JAVITS. Mr. Speaker, I have just heard the gentleman from Kansas [Mr. REES] refer to the meat price roll-back. I would like to commend Mr. Disalle, the OPS Administrator, for that roll-back.

I think the provision of the Defense Production Act, which deals with food prices, is discriminatory—it is a provision which holds a roof over the price of food while leaving the Administrator free under the act to regulate everything else which goes into the cost of living of the moderate income family.

Meat prices were frozen with beef according to my best recollection at 130 percent of parity. Farm representatives say that parity is the standard they want for Government protection. I would like to tell the gentleman from Kansas this—

Mr. REES of Kansas. Mr. Speaker, will the gentleman yield?

Mr. JAVITS. No; not at this time. I have only 1 minute and the gentleman was not interrupted in his time.

Meat consumption has increased tremendously in this country because wages have gone up and that is good for farmers and consumers alike, but the American consumers can strike too and can refuse to buy meat, just as those who raise cattle may refuse to ship it to market as we are told they may, and it may have to come to just that. This would be most unfortunate for the raisers, the consumers, and the country generally. And I hope very much it does not happen. But the provisions of the Defense Production Act on this subject need to be revised and the present OPS order on beef needs to be supported.

The SPEAKER. The time of the gentleman from New York has expired.

#### BEEF CATTLE PRICE ROLL-BACK

Mr. H. CARL ANDERSEN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. H. CARL ANDERSEN. Mr. Speaker, the average laboring man today can buy 1.5 pounds of beef, with the proceeds from 1 hour's work, while in 1929 he could only secure 1.2 pounds of beef for the same hour's work. In 1929 he could in 1 hour earn the equivalent of 1.3 pounds of bacon, while today that hour will give to him 2.3 pounds of bacon. The wage earner today is far better off than he was then. I think,

as the gentleman from Kansas [Mr. REES] has well stated, this proposed roll back will result in the production of less, not more, beef. Production is the only answer to a scarcity of any commodity. After all, it makes no difference to the consumer if he sees the price of meat put down on the trays in the butcher shop a dime or so, if there is no meat in that particular tray which is for sale.

The SPEAKER. The time of the gentleman from Minnesota has expired.

#### SPECIAL ORDER GRANTED

Mr. HOFFMAN of Michigan asked and was given permission to address the House today for 15 minutes, following the legislative program and any special orders heretofore entered.

#### THE MEAT SITUATION

Mr. HOFFMAN of Michigan. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HOFFMAN of Michigan. Mr. Speaker, as one who claims to be both a producer and a consumer, though not so much of the latter as of the former, permit me to call the attention of the gentleman from New York [Mr. JAVITS] to the threat that he just made that the consumers in New York might go on strike if there was not a roll-back on the price of meat, and ask him, "What are they going to eat if they do go on strike?" And to call his attention to the position of the farmers—and I do not hold with subsidies and all this business of giving one group, then another, the taxpayers' money. I would rather go back to the old law of supply and demand—less Government regulation and mismanagement.

Permit me to direct his attention to the fact that owning a little piece of land and having a cow and some pigs a farmer or your humble servant can get along pretty well—that at least the farmer can eat—but I do not know how you who live in the city of New York on the pavements are going to grow cattle or hogs or raise food.

Mr. JAVITS. I would remind the gentleman that George Bernard Shaw lived to be well over 90 years old and he ate nothing but vegetables.

Mr. HOFFMAN of Michigan. Yes, but the farmer grows the vegetables. Will your people plant or sow seed in the cracks in the sidewalks or pavements or will you grow your vegetables in window boxes or the parks?

Do you intend to follow the old saying "and they kept the pigs in the parlor," "the cow in the kitchen"?

Are we not all just a little dependent upon each other—but is not the farmer living on mother earth just a little more independent than the rest of us?

#### PRICE CONTROL ON MEAT

Mr. GOSSETT. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. GOSSETT. Mr. Speaker, perhaps we are paying too much attention to the remarks of the gentleman from New York, Mr. JAVITS, concerning the roll-back of prices on live cattle. However, the gentleman from New York is very much in error in his praise of the order and its effect on consumers. As one who comes from a cattle country, I am not here to defend the high price of cattle. Cattle prices, like many other prices, have been too high. However, Ceiling Price Regulation No. 23, rolling back prices on live cattle, is like burning down the barn to get rid of the rats. Its ultimate result will be less meat at higher prices. Doubtless the intentions of Price Stabilizer DiSalle are good, but his methods are exceedingly bad. For example, he might have rolled back and fixed the price on meat in the butcher shop, which would have accomplished his purpose with less disastrous results. He might even have rolled back the price on live cattle and made it effective as of the date of his order. The order issued, however, rolls back prices first on May 20, then a second roll-back on August 1, then a third roll-back on October 1, with no ceiling on veal or calves. As a result, perhaps a million head of cattle will be marketed prematurely before the May 20 deadline, and the public will lose at least 300,000,000 pounds of beef. More premature marketing will take place before the August 1 deadline, and still more before the October 1 deadline. Calves will be sent to the butcher before they have produced any substantial amount of beef. Let me remind the gentleman from New York that there was a time during World War II when his great city of New York was practically without beef. Under the existing order, within 10 months his great city, and many other cities, will probably be without beef. Most of the beef that will be left under this order after a few months will be in the black market. The feed lots of the country are already being emptied, and the ranges of the country will largely be emptied within a few months. Production, not scarcity, is what the country needs. If we are going to roll the price back on one item of food, we should roll the prices back correspondingly on all items, and it should be done as of the date of the orders, and not at some future date. These lessons should have been well learned from experiences with OPA during World War II. I hope there were no political considerations back of Mr. DiSalle's order. If there were, he is doomed in the long run to be sadly disappointed. In the long run, the consumer, as well as the cattle raiser, will suffer under Ceiling Price Regulation No. 23.

#### DEDUCTION IN TAX RETURNS OF STATE GASOLINE TAXES

Mr. KING. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 136) allowing the consumer of gasoline to deduct, for income-tax purposes, State taxes on gasoline imposed on the wholesaler and passed on to the consumer, with a Senate

amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Amendment: Page 2, line 15, strike out "December 31, 1949" and insert "December 31, 1950."

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, I understand this is merely a change in the date.

Mr. KING. That is all.

Mr. MARTIN of Massachusetts. I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

#### THE LATE HONORABLE FRED GUSTUS JOHNSON

Mr. CURTIS of Nebraska. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

Mr. CURTIS of Nebraska. Mr. Speaker, it becomes my sad duty to announce to the House the death of a former Member of this body, the Honorable Fred Gustus Johnson, who served with distinction in the Seventy-first Congress. Mr. Johnson was elected on the Republican ticket, and represented the old Nebraska fifth district. As a Congressman, he established a fine record in support of sound Americanism and in support of agriculture.

Fred G. Johnson was born on a farm near Dorchester, Saline County, Nebr., October 16, 1876. He attended country school and was graduated from the law department of the University of Nebraska and admitted to the bar in 1903. In addition to his law practice he also engaged in agricultural pursuits. He first became active in politics by serving in the State legislature. Later he served as a member of the State house of representatives, the State senate, and was Lieutenant Governor of Nebraska in 1923 and 1924. In 1945 he was elected judge of the county court of Adams County, Nebr., and served in that capacity until the date of his death. Judge Johnson died last Monday, April 30, at the age of 74.

Mr. Speaker, I know that I speak for every Member who served here with Judge Johnson in expressing our deep sorrow at his passing. We extend to his family our deepest sympathy.

#### COMMUNISM

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. RANKIN. Mr. Speaker, I sometimes am astounded at the gentleman from New York [Mr. JAVITS] when he goes off on the Communist line, as he did in defending the Communist raid on Peekskill, N. Y., or when he inserted that stuff in the Record the other day supporting that Communist order wiping out segregation in our Armed Forces. When that crazy order was issued, I said it was the greatest victory that Stalin had won since Yalta.

Now he comes along and attempts to read the riot act to the farmers of this country because they protest against these crazy DiSalle orders that would simply grind into the dust the farmers who produce the raw materials to feed and clothe the world.

DiSalle and his gang have already plundered the cotton farmers of my State of Mississippi of \$200,000,000 on this year's cotton crop, if they make the 2,000,000 bales requested by the administration. He is simply stomping on the farmers of this country all over the South, the West, and the Middle West.

Let me tell you what is going to happen. You cannot force those farmers to feed you at their expense, and you might as well understand it.

They are Americans, and they are going to demand that they be treated as Americans.

#### AMENDMENT OF DISPLACED PERSONS ACT OF 1948

Mr. MITCHELL. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 207 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

*Resolved*, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 3576) to amend the Displaced Persons Act of 1948, as amended. That after general debate, which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Judiciary, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. MITCHELL. Mr. Speaker, we have no requests for time on this side. I yield 30 minutes to the gentleman from Illinois [Mr. ALLEN].

Mr. RANKIN. Mr. Speaker, I think we ought to have a quorum to hear this debate. I make the point of order that a quorum is not present. If they are going to continue to bring these so-called displaced persons in here and impose them onto the American people the Congress ought to debate this issue in the open. We ought to know what is going on. Many of these people are doing more harm than good, at least many of the ones that were brought into the South, and I would like to see this question openly debated.



Mr. Speaker, I withdraw the point of no quorum for the time.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

Mr. CELLER. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 3576) to amend the Displaced Persons Act of 1948, as amended.

#### CALL OF THE HOUSE

Mr. RANKIN. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. McCORMACK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

#### [Roll No. 52]

Abbutt	Gary	Miller, Nebr.
Adair	Gathings	Morano
Anfuso	Gavin	Morgan
Armstrong	Gillette	Morrison
Ayres	Gordon	Murray, Wis.
Baker	Gore	O'Brien, Mich.
Barden	Granahan	O'Neill
Baring	Green	Passman
Barrett	Gwinn	Patman
Beall	Hall	Patterson
Bramblett	Leonard W.	Phillips
Bray	Halleck	Phillips
Brehm	Hand	Powell
Brownson	Hart	Price
Buckley	Havener	Redden
Burton	Hébert	Reece, Tenn.
Canfield	Heller	Robeson
Carlyle	Herter	Rogers, Mass.
Chatham	Hoffman, Ill.	Roosevelt
Chelf	Hollifield	Scott, Hardie
Chudoff	Hunter	Short
Cole, N. Y.	Irving	Smith, Miss.
Combs	Jackson, Wash.	Smith, Va.
Corbett	Jenison	Stanley
Coudert	Judd	Sutton
Cunningham	Kearney	Taylor
Curtis, Mo.	Kearns	Towe
Davis, Tenn.	Kelly, N. Y.	Vail
Dawson	Kennedy	Van Pelt
Denton	Kersten, Wis.	Vaughn
Dingell	Klein	Velde
Dollinger	Kluczynski	Vinson
Donohue	Lane	Vorys
Eaton	Latham	Watts
Fallon	McConnell	Weichel
Fine	McCulloch	Wharton
Flood	McGrath	Whitaker
Fogarty	McKinnon	Willis
Fulton	Mack, Ill.	Wilson, Ind.
Furcolo	Madden	Woodruff
Gamble	Magee	
Garmatz	Miller, Md.	

The SPEAKER. Three hundred and ten Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

#### AMENDMENT OF DISPLACED PERSONS ACT OF 1948

Mr. CELLER. Mr. Speaker, I renew my motion that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 3576) to amend the Displaced Persons Act of 1948, as amended.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 3576, with

Mr. KELLEY of Pennsylvania in the chair.

The Clerk read the title of the bill. By unanimous consent, the first reading of the bill was dispensed with.

Mr. CELLER. Mr. Chairman, I yield myself 7 minutes.

Mr. Chairman, all this bill does is to extend for a period of 6 months the operation of the Displaced Persons Act. The bill was reported without a dissenting vote from the Committee on the Judiciary. There was wholehearted approval among members of that committee for the extension of the life of this act.

There have been actually admitted under the Displaced Persons Act as of March 15, 247,000 displaced persons. I believe as of May 31 the number admitted was 251,000. There is a total permissible number of 341,000. Six months are needed to conclude the program and the process completely and admit the balance. We ask, therefore, that the operation of the act be extended to December 31, 1951, from July 1, 1951.

Practically all of the displaced persons who have been admitted have been integrated into the economy of the Nation, and I am quite confident they will become useful and effective citizens. There is very elaborate screening of every applicant for admission under the DP act.

First, the DP's are screened by the State Department, then by Central Intelligence, then by the Immigration and Naturalization Service, then by the DP Commission, in most instances by the FBI, and then the Army has made complete dossiers on every one of the DP's. So with all these agencies combining to screen the DP's, if anyone gets through I assure you that he must be worthy of immigration status.

About 40 percent of all those who have applied have been for some reason or other rejected. That is a rather large number of rejections, but the rejections were for reasons which are in the best interest of the country. To give you an idea how effective the screening is, of the 247,000 that were admitted as of March 15 only three have been deported. There were only three actual cases where conduct of the DP warranted deportation. Two of the three became public charges and, therefore, were in violation of the immigration code and subjected themselves to deportation. The third committed a crime after admission. There are 34 outstanding warrants of deportation, but those cases have yet to be tried. But taking it all in all I would say, and I am sure you will agree with me, that because of the careful screening there has been no danger whatsoever of the entrance of subversives or of those who would operate against the welfare of the country.

Why do we ask for an extension of 6 months? There have been certain unforeseen delays in the carrying out of the program. Nobody in particular is responsible. Among the delays are the following: One concerns the interpretation placed upon the Internal Security Act which was passed by the last Congress. You may remember that act contained certain language which was in

controversy. The Attorney General took the position that any DP who at any time had been a member of any totalitarian party in his life—Fascist, Communist, or Nazi—was inadmissible. The Attorney General said any connection, no matter how remote, would be sufficient to bar the applicant.

Many worthy men and women, when they were young, had joined various Nazi, Fascist, and Communist youth movements in totalitarian countries. They were too young to resist. I am quite sure that had they been older, on mature reflection, they might not have joined, but they were children. Others, in order to get food and to procure ration cards, were compelled to become members of these obnoxious parties. Still others were conscripted in the armies. All those acts on their part were in most cases involuntary. To clear up doubts we passed an amendment to the Internal Security Act which provides that the act of joining these organizations must have been voluntary acts, and the joining in order to eat and live or while in childhood is no bar. Now, also, we require an affidavit of good faith. But as a result of that prior interpretation by the Department of Justice and the subsequent amendment delays were caused in the DP processing.

Secondly, there has been lack of ships to bring over the DP's. Some of the ships requisitioned by the Army for the transportation of troops have been previously used to transport DP's. They were requisitioned for the transportation of Greek and Turkish soldiers and matériel to the theater of combat operations in Korea.

Thirdly, there was considerable disruption of operations in the DP camps in Germany. The United States Army took over possession of a number of the camps and camp installations, because of our troop reinforcements in Europe, and the DP's were compelled to go elsewhere. Well, that also resulted in considerable delay in the processing of the applications. There was no central place where the files were kept, where dossiers were located, and the DP Commission and others having jurisdiction had great difficulty in laying their hands on the records and the individuals. Both were scattered. There were several other factors that caused more delay. We are now asking that 6 months' more time be granted to enable the DP Commission to complete its work.

There has been a general growing demand for the DP's in this country. For example, the Southern Power Co. wants 400 loggers. One midwest State has requested 400 farmers. One western company has asked for 350 hard-rock miners. A glove-manufacturing company has asked for 100 glove makers. A midcentral State industrial council has asked for 350 construction workers. Certain central States want 350 foundry workers. There has been a general demand for tool and die makers, for tailors, machinists, and the DP Commission is endeavoring to supply this demand as best it may. There is a great and growing demand for farm labor, and of the 60,000 visas left to be filled approximately 27 percent thereof are for farm workers.

The DP Commission is selecting that type of worker most needed in this country and I think they are doing a good job, and for that reason we petition you that you grant an additional 6 months to complete this program, after which there will be no request for more DP's, no request for additional appropriations. We will put the word "finis" on the DP program.

Mr. JENKINS. Mr. Chairman, will the gentleman yield?

Mr. CELLER. I yield to the gentleman from Ohio.

Mr. JENKINS. How far behind are they now? The gentleman says they are about 300,000 behind.

Mr. CELLER. No. The gentleman is in error. They have actually processed as of March 15, 247,000. There is a total of 341,000 permitted. Now, between March 15 and to date they have processed additional numbers. I would say roughly that there are over 50,000 left to be considered plus some in the so-called pipeline of processing.

Finally I offer unstinted praise to the members of the DP Commission, Messrs. Gilson, Rosenfeld, and O'Connor, and the predecessor of Mr. Gilson, Mr. Caruse, for a work well performed.

Mr. GRAHAM. Mr. Chairman, I yield 7 minutes to the gentleman from New York [Mr. JAVITS].

Mr. JAVITS. Mr. Chairman, in 1947 I was a member of a subcommittee of the Committee on Foreign Affairs, with my colleague the gentleman from Pennsylvania [Mr. FULTON] as chairman, which went over to look into the DP situation and came back with a report which I think, with some humility, was the beginning of the profound congressional interest in trying to work out that problem. We got into it because the International Refugee Organization was to receive an appropriation from the Congress of well over \$70,000,000 as the United States contribution to the solution of the DP problem, and because in connection with the occupation of Germany after World War II certain obligations were undertaken by us in an authoritative way through our occupation commander, and otherwise with respect to the disposition of the displaced persons in Europe.

We found in 1947 that there was an outstanding fine reservoir of man and womanpower which ought to be utilized for the benefit of our country. After very, very thorough debate and thorough investigation this Congress and this House not only passed the DP bill in 1948 but also subsequently, reflecting its views as to the character of the problem and the way it was handled, increased by well over 100,000, the number of displaced persons permitted to come into the United States. What we are being asked to do now is to complete the program and it is very desirable from both a foreign policy and financial point of view that it be completed.

First, from the foreign policy point of view, there are few programs that reflect as much credit on the United States in terms of the leadership of the free peoples of Europe and of the world since World War II in view of the grave injustices of slave labor camps and similar

outrages on the peoples of Europe by the Nazis which resulted in bringing into being the DP's. That was a very grave problem which required leadership, which the United States gave. It was United States leadership that made possible the resettlement, really, of all the DP's because it was clear from the beginning that nothing could be done unless the United States led, and the United States did lead. What we are being asked to do now is to consummate the program which we earlier undertook.

As to the financial side, we have supported our part of the IRO, and if the IRO must go on we probably will continue to support our part of it with the millions of dollars which it takes. We have a pretty good opportunity now if we extend this program to complete the evacuation of the displaced persons' camps. The displaced persons' camps are due to be pretty well wound up by October or at the latest December this year. This extension will go far to help to do it. Otherwise we may find ourselves with a continuation of IRO and the necessity for more appropriations on that score.

Another thing I would like to emphasize is that there is no question of groups involved; the act is seeking to take care of those who will be most useful to the United States on the grounds of skill and character. I might tell the House, as a matter of parenthetical interest that there were originally a great many Jewish-displaced persons, as everybody knows, some 22 percent of the total, but the great majority of these were happily resettled in Israel, where they are doing a very constructive job. We are dealing here in this extension not with groups but with people who are going to be useful to the economy and the future of the United States.

I certainly think on those three grounds, the continuance and the consummation of the DP policy which we adopted in 1948, which led to the international solution of the problem, a financial saving, and a very important financial saving, if we move to wind up the DP camps now, and the fact that we are getting people who are very desirable for the future of the United States, this particular measure ought to pass.

I should like to take 1 minute to make a personal reference, because obviously this bill is going to be opposed very strongly by the gentleman who made a bitter personal attack on me just a little while ago on the floor.

I have said once before in answering what I considered to be a vicious attack on Americans of the Jewish faith by the same gentleman that I would not move to strike out what he said, because I believe that every once in a while one has the chance to feel that despite the fact that one is only a single Member of 435 Members he can do something useful here. One of the things I think I can do that will be very useful is to let these hate denunciations stand as monuments to what can happen in this country if free Americans will permit themselves to be scared by the kind of denunciation which is made here by this particular Member. I will not permit

myself to be scared nor, I assure you, will I suffer a heart attack, as one of my colleagues from New York did, I understand, long before I was here, in a similar situation.

As I say, I will not permit myself to be silenced by terms of opprobrium which may be hurled at the things I do and the reasons I do them. I should like to stand a little bit on the record.

I should like to tell the gentleman from Mississippi [Mr. RANKIN], incidentally, that I have a bill before his committee, a bill needed in fairness to the provisions the law has made to encourage home ownership by veterans. I hope very much the gentleman will demonstrate the Americanism he preaches by giving a full and fair hearing on the subject matter of the bill regardless of the fact that I introduced it.

Let us just take a look at my record and his. The record will show, I believe, that in foreign affairs matters the gentleman from Mississippi voted contrary to the way I did, and very much the same way that a certain gentleman from New York voted who was here up to this Congress, who was charged with following what he calls the Communist line. That is a very strange identity of voting.

I might say to the gentleman that when it comes to serving my country and going back to where I belong, I happen to belong on the east side of New York, and I go back there very frequently, and I like it very much.

In addition, may I say to the gentleman that the gentleman had promoted a multi-billion-dollar pension bill in this House estimated to cost well over \$100,000,000,000, which was defeated, which would have started a precedent that could have bankrupted the United States and done exactly one of the greatest acts that the Communists want, to hand this country over to them. After this defeat a perfectly reasonable and proper veterans' pension measure did pass, replacing the one promoted by the gentleman.

May I say that the gentleman from Mississippi opposed the European recovery program and the mutual defense assistance program, the defeat of which millions of Americans believe, as I do, would have turned Europe over to the Communists.

I do not make personal attacks in the House and I am not going to start now and this matter is ended as far as I am concerned. I am only saying these things because of the personal attack that has been made on me and because I think everybody in this House admires some spirit. I think I have a little bit of spirit. May I say I think everyone in the House serves his country as sincerely and with as deep conviction as he knows how, and I say that, although I doubt that the gentleman from Mississippi would say that about me—I say that about him—I think he is sincerely trying to serve his country and all I ask is that regardless of what the gentleman from Mississippi thinks or says about me, I am only solicitous about the fact that the other 433 Members shall feel that in my way and with deep sincerity and out of love for my country, for



which in World War II I was perfectly willing to give up my life, I am serving my country for its best interests.

Mr. CELLER. Mr. Chairman, I yield 5 minutes to the gentleman from Mississippi [Mr. RANKIN].

#### AMERICANISM VERSUS COMMUNISM

Mr. RANKIN. Mr. Chairman, it is unusual to hear some unsung hero get up in this House and boast about how he has offered his life for his country. It certainly was most amusing to hear the statement of the gentleman from New York [Mr. JAVITS] especially about the votes he has cast on what I consider to be the most rank Communist program that has ever been proposed.

One of the most dangerous movements I can think of is this DiSalle program to step on the farmers of this country and literally grind them into the dust. But the gentleman from New York [Mr. JAVITS] just now undertook to compare my record with that of Mr. Marcantonio. Why, he voted with Marcantonio ten times as often as I did. Marcantonio sometimes got right and voted with us Americans on a few issues. But everybody knows that when it came to communism, Marcantonio and I were as far apart as two human beings could get.

Then the gentleman from New York [Mr. JAVITS] brands as communistic my bill to take care of the old veterans of World War I and my votes against the so-called Marshall plan to give untold billions of dollars to foreign countries, at least some of which is now being used to kill our boys in Korea.

You know, and I know, that America is financing both sides of this war, as a rule, through this so-called Marshall plan—the Bevin plan, if you please. This money is coming out of the pockets of our overburdened taxpayers including our old World War I veterans, whose pension bill he brands as communism. He boasts about helping to kill that bill to provide pensions for the old World War I veterans. I hope the old World War I veterans will read that. I want them to read it. My sympathies go out to the men who really made the sacrifices, fighting for this country and not the ones who come on the floor of the House and boast about what they have done. Look at the boys—look at the old men of World War I, many of whom are unable to make a living. The gentleman from New York [Mr. JAVITS] wants to send this money to Europe, Asia, Africa, Israel, and Japan, and let those old veterans go to the poorhouse.

Mr. BUSBEY. Mr. Chairman, will the gentleman yield?

Mr. RANKIN. I yield to the gentleman from Illinois; yes, sir.

Mr. BUSBEY. Do you know of anyone in this House of Representatives who has been fighting communism longer and more violently over the last 30 years than I have?

Mr. RANKIN. No, sir; I do not.

Mr. BUSBEY. Well, I voted against the Marshall plan and I was not voting for communism. I was voting against communism when I voted against the Marshall plan and the Greek-Turkish loan and all the rest of these give-away programs.

Mr. RANKIN. But that Marshall plan costs us forty or fifty billion dollars, and they are still demanding more, and yet the gentleman from New York [Mr. JAVITS] calls it communism when we attempt to take care of our old veterans who fought in the First World War. I am getting darned tired of these fellows whining every time you mention the racial issue, and then getting up here and attacking the white people of the South, and trying to stir up trouble between the whites and Negroes throughout the Southern States. That is what you are doing, and that is what this crazy statement that the gentleman inserted in the RECORD the other day meant. He does not care a tinker's dam about the Negroes. He is just following the communist line which is bending every effort to stir up race trouble in this country, and especially in the South; and that is exactly what this antisegregation order is doing.

It is doing the Negroes, as well as the whites, infinite harm.

They levied quotas based on population in Mississippi and then took the white boys to do the fighting, and did not allow any exemptions to the cotton farmers who are now stepped on through this crazy DiSalle program, robbing the State of Mississippi of \$200,000,000 a year on its cotton crop; robbing the farmers of Iowa, Nebraska, Kansas, and every other State on the meat products and chickens and other things they produce.

Yet not one of you has said a word about what is the real trouble. You are inflating the currency of this country just as fast as it can be done. There is \$27,180,000,000 in circulation, compared to about \$5,000,000,000 in normal times. Not a thing has been done to check that inflation. A gang of Wall Street bankers reap the benefits. They eat the beef. They do not produce it. They are using that money to finance operations all over the world, and when you get down to investigating the racketeering that is going on through this Marshall plan you will make the post office selling in Mississippi look like a Sunday-school picnic in comparison.

When you find what these long-nosed grafters have done to the American people in dealing out this Marshall plan money and robbing us in order to feather their own nests, there is going to be such a rising tide of resentment among the American people as this country has not seen for many a day.

The CHAIRMAN. The time of the gentleman from Mississippi [Mr. RANKIN] has expired.

Mr. GRAHAM. Mr. Chairman, I yield 4 minutes to the gentleman from Indiana [Mr. HARVEY].

Mr. HARVEY. Mr. Chairman, I want to take just a few minutes of the time of the House to discuss rather briefly the reaction and repercussions of the Displaced Persons Act upon my community. I voted for this measure rather reluctantly and I want to say the effect has not been good. The people who have come to my district under authority of this act, the refugees who were brought in there, were brought in in good faith and they were given every

opportunity to make good citizens of themselves. They have not done that. Most of them have stayed only long enough to take off for parts unknown and we do not know where they are today.

I know some of you will say those folks did not get a fair shake; they did not get the kind of a spot in the community that they wanted. But I say to you that those folks were given good homes and every opportunity to make good citizens. They simply took off and did not stay to carry out their obligations. Many of them frankly said to their sponsors, "I had no intention of doing anything other than I am doing now, that is to beat it. I just used you as a tool to get in here."

Mr. JENKINS. Mr. Chairman, will the gentleman yield?

Mr. HARVEY. I yield to the gentleman from Ohio.

Mr. JENKINS. That has been the situation in my district also.

Mr. HARVEY. I thank the gentleman.

Mr. DORN. Mr. Chairman, will the gentleman yield?

Mr. HARVEY. I yield to the gentleman from South Carolina.

Mr. DORN. That has been the situation in my district exactly. Plenty of them came there as farmers and stayed but a month or two. The good people of my State built homes for them and went to great expense to get them settled on a farm. Then they went off and left. Some of them came there as farmers who did not know a mule from a horse. I understand some of them are out preaching various kinds of ideologies. I think this bill certainly bears looking into before we admit anyone into this country.

Mr. HARVEY. I want to agree heartily with what the gentleman has had to say, because I know that is true. We set this up and permitted the United Nations organization, the IRO, to select these people. They were selected, I am sure, without the same standards of citizenship that we would expect of our own people. I think that the IRO, either unwittingly or intentionally, has been used as a tool to further the interests of people who came here particularly with the idea of carrying on the same subversive activities that they were trained to do before they came here.

I yield back the remainder of my time, Mr. Chairman.

Mr. CELLER. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. WALTER].

Mr. WALTER. Mr. Chairman, I think it is important for the committee to consider for a moment who are these DP's; they are the people who were with force taken from their countries because they possessed special skills and placed in slave labor camps for the purpose of assisting the Nazi war machine. They are the people who, because their countries have been taken over by the Communists, are afraid to return to their countries. These are the remaining thousands of the slave laborers who were not sent home after the camps were liberated.

I think you might be interested in view of the fact that the gentleman from Indiana spoke about how unsatisfactory the program was in his State to permit me to read to you a communication that came from Gov. Henry F. Schricker. He reports this:

For the most part the DP's are industrious and capable of performing the tasks they came to undertake. There has been very little criticism of the caliber of the DP's even though there have been a few cases of maladjustment.

He winds up his report by stating:

The DP's that have arrived in Indiana have been absorbed without a ripple on the surface of our economic and social life, and there is no question but that more of them can likewise be received to the advantage of the State.

Mr. HARVEY. Mr. Chairman, will the gentleman yield?

Mr. WALTER. I yield.

Mr. HARVEY. May I inquire of the gentleman the date of the communication?

Mr. WALTER. It does not appear here, but this communication came after the investigation that was conducted by the Subcommittee on Immigration and Naturalization in 1949; so my guess is that this letter was received sometime in October of 1949.

Mr. HARVEY. I may say to the gentleman that I have a very high regard for Governor Schricker, and what I say, of course, is in contradiction to what the Governor has said. But I still sincerely believe in the developments that have happened since the gentleman received that communication certainly bear out the opinion in my district that I voiced here on the floor of the House.

Mr. WALTER. Our attention, of course, is always directed to the so-called atrocity cases. The gentleman from Ohio stated that the experience in his State was the same.

Gov. Frank J. Lausche has formulated his answer to the subcommittee inquiry, as follows. I quote him:

Not a single word of complaint or dissatisfaction has reached me against the displaced persons who have come to our State.

That is the experience in Ohio; that is the experience in most of the States of the Union. There have, of course, been cases where people have attempted to exploit these unfortunate victims of persecution. There were instances where in the State of Mississippi, I believe it was, the DP commission found it necessary to resettle a large number of people because an attempt was being made to pay them substandard wages in those cases.

Mr. JENKINS. Mr. Chairman, will the gentleman yield?

Mr. WALTER. I yield to the gentleman from Ohio.

Mr. JENKINS. I might say as to the statement of Governor Lausche that no complaints have come to him, that he has heard of no dissatisfaction, that he did not ask me, and he did not come down in my section. But what I said I know about, and I know it has been very unsatisfactory to the people who brought them over; and I know of people who spent a lot of time and money on them. A very glaring case was one where the

DP's went away in the night without any appreciation, and they were later located hooking up with a little group of like-minded people.

As I understand the purpose of this bill is to extend this act for 6 months; and I understood the gentleman from New York [Mr. Celler] to say that there would be no further extension asked after that.

Mr. WALTER. No.

Mr. Celler. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. WALTER. Mr. Chairman, in that connection I would like to state to the gentleman from Ohio that it is my purpose to offer an amendment at the appropriate time which reads:

No such immigration visa shall be issued to eligible displaced persons or eligible displaced orphans unless the Commission initiated selection or processing of such person on or before July 31, 1951.

We are offering that amendment for the reason that unless the time within which visas can be processed is fixed, then conceivably there will be processing after a certain date which might give reason to insist on an extension of the program.

Mr. JENKINS. Then the number the gentleman is talking about will not be increased?

Mr. WALTER. Oh, no. There is no increase in the number.

Mr. JENKINS. Or in the limitations now fixed?

Mr. WALTER. No. We are fixing the time within which processing must be instituted.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. WALTER. I yield to the gentleman from Mississippi.

Mr. RANKIN. The gentleman made a statement a moment ago that he certainly would not have made if he had known the facts.

Mr. WALTER. I am not given to making statements without knowing facts.

Mr. RANKIN. The gentleman does not know the facts this time because those displaced persons in Mississippi were given places out on the farm where other people were working, but because they did not want to work they ran away and, as the gentleman from Ohio said, went back to the cell.

Mr. WALTER. Oh, no.

Mr. RANKIN. They were treated like other people down there. Some of them kicked because their cattle were not given to them free of charge.

Mr. WALTER. They lived in a state of semipeonage and are now operating a village in which they are manufacturing large quantities of furniture, thereby increasing the wealth of the State of Mississippi.

Mr. RANKIN. They are not doing anything of the kind.

Mr. FELLOWS. Mr. Chairman, will the gentleman yield?

Mr. WALTER. I yield to the gentleman from Maine.

Mr. FELLOWS. The purpose of this bill is to extend the processing so that the great organization that has been established can complete a work 80 or

90 percent of which has already been completed?

Mr. WALTER. That is correct.

Mr. FELLOWS. Is it not also true that under the gentleman's amendment it will close as of the latter part of this year and that the only reason for this bill at all is because there are some 35,000 to be admitted?

Mr. WALTER. There are approximately 60,000 cases involving those that somebody in the United States has requested be permitted to come to their home where they will be provided a job, they will be provided a home, without displacing an American.

Let us see who is concerned about this. At the beginning of the program, the Jewish welfare organizations were well equipped to move. They had money, they had a splendid functioning organization and they moved immediately. The Catholic welfare organization was similarly situated. But the Protestant group had no experience in this field, with the result that we are concerned principally with 60,000, most of whom have assurances from either the National Lutheran Council or the Church World Services. Those assurances have already been given and but for the fact, as the chairman of the Committee on the Judiciary has pointed out, that there were these delays that were not anticipated, this program would have been completed by now. But who could have foreseen when we fixed the time limit on this act that the ships that were being used to transport these people would be diverted for the transportation of the Turkish and Greek armies to Korea? Who could have foreseen that the United States would have embarked on a great military program which contemplated the use of these facilities in Germany, thereby separating these people and making it more difficult to get word to them that their cases had been processed? But I think the best proof that we are not getting the type of people that some Members of this body talk about is the fact that there have only been 3 deportations in 251,000 cases of people brought to the United States.

Mr. WILLIAMS of Mississippi. Mr. Chairman, will the gentleman yield?

Mr. WALTER. I yield to the gentleman from Mississippi.

Mr. WILLIAMS of Mississippi. The gentleman has made some very serious remarks which reflect on the integrity and the reputation of the good people of the State of Mississippi.

Mr. WALTER. I certainly did not intend to.

Mr. WILLIAMS of Mississippi. Well, certainly they reflect on the people of Mississippi, and I do hope that the gentleman will elaborate on those remarks, gives us dates, gives us names and places, and the proof that these people have been mistreated in Mississippi, if he has any such proof to offer.

Mr. WALTER. Res ipsa loquitur.

Mr. WILLIAMS of Mississippi. The only dissatisfaction I ever heard of any Mississippian was of the DP who refused to work.

Mr. GRAHAM. Mr. Chairman, I yield myself 3 minutes.



Mr. Chairman, in order to clarify this situation, as I understand the purpose of this bill it relates solely to the matter of the extension of the present bill to December 31, 1951. The Displaced Persons Commission appeared before the Committee on Immigration and Naturalization of the Committee on the Judiciary. Three gentlemen seated with me on the minority side here have heard their report. In our judgment they have done splendid work. There has not been any chance to complete this work. They need this extension, and if granted they have assured us that they will complete the work in good time.

Mr. Chairman, I would be derelict if I were not to mention at this time the splendid work done by our esteemed colleague the gentleman from Maine [Mr. FRANK FELLOWS], who back in 1948 spent many, many hours on the preparation of the original bill. That bill has since been amended. Great work also has been done by my other colleague the gentleman from New Jersey [Mr. CASE]. I, too, have contributed a small part. We are anxious to see this work done. We are not dealing with isolated instances of defection on the part of a small number of those who have come; we are dealing with a great major body that is seeking to complete the work, dealing with people who may yet be in camps, to reduce the expense, and bring to quick fruition and completion this very valuable work that needs to be done.

Mr. JENKINS. Mr. Chairman, will the gentleman yield.

Mr. GRAHAM. I yield to the gentleman from Ohio.

Mr. JENKINS. I did not get quite a clear answer from the other gentleman. He said something about there would be another recanvas or between now and the end of July there was going to be some resurvey, or something of that kind. What I am interested in is this: Does this legislation, when it terminates in 6 months, terminate everybody who is eligible or thinks he is eligible to come in?

Mr. GRAHAM. It does, in my understanding.

Mr. CELLER. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. MACHROWICZ].

Mr. MACHROWICZ. Mr. Chairman, I have asked for this time because I feel very strongly on this legislation. I regret very much that some very, very strong remarks have been made during this debate and before it commenced, remarks which are not germane to the issue.

Let me say first of all that I do not believe there is any Member of this House who more violently abhors communism than I do. I fought 2 years against the Communists after I finished my service in the United States Army in World War I, when the Communists first tried to override Europe. I have devoted practically all my life to fighting Communists in this country. I am a Member of this House only because of that issue. I defeated a gentleman who was in this House for 16 years, with whom the gentleman from Mississippi often fought and debated, only because I thought he was too close to the Marcantonio line.

So what I say I hope will not be construed as being said by one who favors communism.

I should like to clarify some things that probably are not clear in the minds of some of you.

Let me reassure you by telling you first some of the things this bill does not do.

First. It does not increase, by one, the numbers of displaced persons originally authorized by the 1950 act to be admitted to this country.

Second. It does not extend the life of the Displaced Persons Commission since it continues until August 31, 1952, under the present law.

Third. It does not extend the date line for eligibility in any case, and does not extend eligibility to any new individuals or groups of individuals.

Fourth. It does not change the high standards and requirements which the displaced persons must meet to be allowed entry to this country.

It does do what some of the Members have asked about it; does end once and for all the displaced-persons program on December 31, 1951.

What the bill merely does is to give 6 more months to the Commission to complete one phase of its job already authorized by Congress and already well on its way to completion.

Why was not the job complete? It has already been mentioned here. Some of the reasons are very good ones.

The United States Army's transfer of camps and resettlement centers, resignations of key personnel in Europe because of war jitters, interpretations of section 22 of the Internal Security Act, administrative delays due to the 1950 amendments, shipping problems because of military needs in Korea—these were the main delaying factors.

Let me say something about what the Displaced Persons Act has accomplished to date. At the time it was adopted there were some serious doubts expressed by many in and out of Congress as to what the entry of this over quarter million people would do to our national economy, and as to the type of people that we would get under the act.

Well, 3 years have passed, or will soon. Our national economy has not suffered a bit by their entry and the noteworthy thing is that these new immigrants have proven to be very industrious, law-abiding, loyal, and fitting well into the pattern of our democracy.

Actually, this should not be surprising. These refugees were homeless and without a country because of their fervent love of liberty and democracy; they were and still are thoroughly screened by numerous agencies, the FBI, the Immigration and Naturalization Service, the Public Health Service, the IRO, and the Displaced Persons Commission personnel. They are really the best material available in the entire world for good American citizenship, because they have lost their country, because of their fervent love of American democracy as we know it.

Much has been said here and in the Senate as to the morale of the European nations. The displaced-persons pro-

gram has been one of the most vital and effective programs in our foreign policy. It has given the peoples of Europe positive proof that United States is still the haven and hope of all freedom-loving and persecuted people of the world. The displaced person soon after arriving here tells his friends and relatives in Europe of the real America and disproves the calumnies spread about us by our enemies. It has done more to spread good will than any other phase of our national-defense program. And at the same time it has strengthened and invigorated our domestic economy and national defense.

It would be tragic and unexplainable if we were at this moment to drop the program when it is nearing completion and disappoint those to whom we have assured a helping hand.

I sincerely hope this bill will get an overwhelming vote of support in this House.

Mr. GRAHAM. Mr. Chairman, I yield 2 minutes to the gentleman from Minnesota [Mr. WIER].

Mr. WIER. Mr. Chairman, I cannot sit idly by here without making some observation as to my experience with this act. I voted for it 2 years ago. I intend to vote for it again today. I do that because of the experience I have had in the State of Minnesota. We have a very diversified set-up into which we can fit almost any type of worker. When this first started in Minnesota, as the gentleman from Pennsylvania [Mr. WALTER] says, there were a number of organizations which were all set and ready to pick up their part of the placement of these people assigned to the various parts of Minnesota. In my district, and I represent both an industrial, as well as an agricultural area, I have heard of no complaints in the last year and a half regarding this program in the State of Minnesota. It is true, of course, that you can find those spots on which you can lay a great deal of emphasis and place a great deal of condemnation on the whole program. That happened in my district. I had some of the unions in my district, which is highly organized, have a feeling of a little fear that some of these displaced persons, and many of them have very artful trades, many of them are very experienced tradesmen, as I was saying some of the unions had a little fear that these skilled tradesmen would enter into competition with them. Some of them did drift down into the industrial area of Minneapolis, St. Paul, and Duluth seeking employment in trades where the return was greater of course and where they could be absorbed. But that is all that there was. I think in the city of Minneapolis we have at least 90 to 150 of these displaced persons now working in the trades. Some of them are very excellent bricklayers and carpenters and so forth, and they have turned out very fine. I have not had a complaint in the trade-union movement about the question of these people moving in and displacing our American workers. That has all died out. I want to again say I support this bill because it will at least give the program the finishing touches so that we can complete the program.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. GRAHAM. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. ALLEN].

#### SHORTAGE OF SHIPS

Mr. ALLEN of California. Mr. Chairman, I want to speak very briefly upon an issue which is collateral to the issue before the committee at this time. One of the reasons given for requiring the extension of time provided for in this bill is that it is found that there is a shortage of shipping in which to transport some of these displaced persons. The shipping required in this sort of movement is not of unusual amount. The shipping which was expected to be available was taken for the movement of troops and supplies to Korea. I call attention to the fact that the Korean military operation, as a military operation, does not approach the size of an all-out engagement. I point to these two facts to indicate to the House that the shipping which we presently have which is immediately available does not go beyond what we use for normal, current, peacetime needs. A few days ago the House considered the appropriation bill for the independent offices. In that bill there were provisions designed to limit and possibly cut down the amount of American shipping in operation during the next few months. There were other provisions which will make it more difficult to get American capital into the shipping business. Possibly there should have been more debate upon the subject, but it was not an opportune time to talk upon such a subject late on last Friday afternoon. I call the attention to the attention of the House now in the hope that when the Committee on Merchant Marine and Fisheries on some future occasion comes before you urging some assistance to the American merchant marine, you will bear in mind this additional bit of evidence that American-flag shipping is operating in short supply for any emergency situation, and that it takes time to get additional ships in operation.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. GRAHAM. Mr. Chairman, I yield 2 minutes to the gentleman from Pennsylvania [Mr. HUGH D. SCOTT, JR.].

Mr. HUGH D. SCOTT, JR. Mr. Chairman, I feel that any objections which anyone might have had to this bill have been thoroughly obviated by the excellent explanations which we have had of the bill, particularly that of my esteemed and distinguished colleague, the gentleman from Pennsylvania, [Mr. GRAHAM]. I am happy to be able to support the bill and would like to point out to the House that by far the greater percentage of the persons involved in this bill are in three groups. First, those Polish war veterans who fought so gallantly for the allies during World War II, second, the Greek refugees. The Greeks, too, have been of notable and gallant assistance to the free nations in the Korean War.

Mr. WALTER. Mr. Chairman, will the gentleman yield?

Mr. HUGH D. SCOTT, JR. I yield.

Mr. WALTER. I call the attention of the gentleman to the fact that of the 18,000 brave soldiers that comprised General Anders' army but about 3,000 have been processed, due largely to the fact that the Internal Security Act was interpreted in the manner in which it was. Unless the act is extended, these people, all of whom have friends and relatives in the United States who indicated a desire to have them, will not be able to leave England where they have been given refuge.

Mr. HUGH D. SCOTT, JR. I thank the gentleman. That Polish group of fighting allies of ours in World War II was part of my particular concern in this bill.

The third great group affected in this bill are the Baltic refugees. Recently I had an opportunity to attend a large gathering of about a thousand Lithuanian Americans in my city. As I visited with them and heard their point of view, I thought to myself: anyone who had an opportunity to see these Americans—some here a long time and some more recent Americans—ought to have no doubt of the quality of their Americanism, which is of the highest. The displaced persons' program has strengthened our Nation and made us better able to reach the minds of the people in the lands beyond the seas.

I am anxious to see their families made whole, the missing members restored to them, the necessary steps taken to complete this program, and I am very glad to support this bill.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. GRAHAM. Mr. Chairman, I yield 1 minute to the gentleman from Illinois [Mr. JONAS].

Mr. JONAS. Mr. Chairman, I feel I would be inconsistent in my position if I did not support this legislation. As I view the situation now, some 2 years ago we passed the parent bill, and any repercussions that we might have received from that or any dangers that might be lurking in this legislation were all disposed of then.

The bill before the House today is a matter that is incidental to that legislation. It is simply here for winding up a job that was originally undertaken some 2 years ago. Therefore I cannot see the consistency of any argument now that points out the dangers that we might run into after we have operated under this plan for nearly 2 years. I think we should follow the suggestions made here and wind up this particular legislation in a way that will avoid the most confusion and bring about the greatest good.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. GRAHAM. Mr. Chairman, I yield 3 minutes to the gentleman from Maine [Mr. FELLOWS], the author of the original displaced persons bill.

Mr. FELLOWS. Mr. Chairman, I have some memories about displaced persons. In 1948 the original bill was passed. That was the bill I introduced. It had to do with some 205,000 or possibly 220,000 people. The reason it was sold to me or that I was able to undertake sponsorship

of that bill was largely because it was a quota proposition. Every person who came in under this bill or who has come in under this bill is a quota immigrant. That means that if we had not had this legislation the same number would likely have come in in any event.

Many objections have been voiced here. Those objections should have been voiced at the time the original bill was before the House. There is not the slightest reason I can think of why this particular measure should not be passed in order that this whole affair be settled and settled finally.

I want to say this about these men who are operating under this act: I think they have done a job that time here does not permit me sufficiently to praise. It is a fine organization. It has done even better than I had hoped it could do. When we speak about certain displaced persons not being all they should be, what would you expect out of 247,000 persons who would have come to America in place of these? These people have been screened five times more efficiently than would have been the case if the bill had not been passed.

When you talk about displaced persons, my district was not at all enthusiastic about it. I had very few people who would be intimately affected by this bill or any displaced persons bill. My people I do not think wanted it at all, but the fact was that it was a program that could be sold to any thinking person.

So this measure that is before us here should become a law. There is no valid objection that I can think of that can be raised now; objection should have been interposed last year, the year before, or in 1948, when I stood on this floor for two full days and struggled with it.

I shall vote for this extension of time wholeheartedly.

Mr. REED of Illinois. Mr. Chairman, I yield 3 minutes to the gentleman from New York [Mr. KEATING].

Mr. KEATING. Mr. Chairman, I shall not need more than 1 minute.

Mr. Chairman, I shall support this bill. My only purpose in asking for any time at all on this measure is to pay a well-merited tribute to Messrs. Rosenfeld, O'Connor, and Gibson, the three men who comprise the Displaced Persons Commission.

It has been what I considered my duty from time to time to be critical of this, that, or the other bureaucrat or governmental department. It seems to me, however, that the Displaced Persons Commission in their administration of this law has set a very high standard which might well be emulated by other agencies of government. When a group of administrators do a job such as they have done, I feel they should be given the united support of Members of Congress and accorded the recognition which they have richly earned by their painstaking, able and energetic efforts to carry out in every detail the intent of Congress as expressed in this legislation.

Mr. GRAHAM. Mr. Chairman, there are no further requests for time.



The CHAIRMAN. The Clerk will read the bill for amendment.

The Clerk read as follows:

*Be it enacted, etc.,* That section 3 (a) of the Displaced Persons Act of 1948, as amended, be amended to read as follows:

"Sec. 3. (a) During the three and one-half fiscal years beginning July 1, 1948, and ending December 31, 1951, eligible displaced persons and eligible displaced orphans and persons defined in subdivisions (2), (3), and (4) of subsection (b) of this section seeking to enter the United States as immigrants may be issued immigration visas without regard to quota limitations for those years as provided by subsection (c) of this section: *Provided*, That not more than 341,000 such visas shall be issued under this act, as amended, including such visas heretofore issued under the Displaced Persons Act of 1948; and it shall be the duty of the Secretary of State to procure the cooperation of other nations, particularly the members of the International Refugee Organization, in the solution of the displaced persons problem by their accepting for resettlement a relative number of displaced persons, and to expedite the closing of the camps and terminate the emergency."

Mr. WALTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WALTER: Page 2, after line 4, insert "*Provided, further*, That no such immigration visa shall be issued to eligible displaced persons or eligible displaced orphans unless the Commission initiated the selection or processing of such person on or before July 31, 1951."

Mr. WALTER. Mr. Chairman, the purpose of this amendment is to make it abundantly clear that it is the intention, the firm intention, of the Congress to terminate this program at the end of this year. This amendment will make it impossible for the Commission to receive any applications or assurances, or to initiate the processes which ultimately result in the issuance of the visa after July 31, 1951.

Mr. GRAHAM. Mr. Chairman, will the gentleman yield?

Mr. WALTER. I yield.

Mr. GRAHAM. And is it not a fact that the Commission itself has requested that this be done in order that the Commission may be able to finish the program and they are anxious to bring it to completion?

Mr. WALTER. Yes; that is the fact.

LET'S SAVE AMERICA FOR AMERICANS

Mr. RANKIN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, while you are searching the records that the gentleman from New York [Mr. JAVITS] called for, I want you to go back and search the records of the Eightieth and Eighty-first Congresses, and find how many times he voted against funds for the Committee on Un-American Activities when that committee was exposing the enemies within our gates; and how often he voted against citing those enemies of our country for contempt of Congress, when they refused to answer questions concerning their loyalty.

The gentleman from Pennsylvania [Mr. WALTER] went on to try to tell you that these displaced persons established an industrial community in Mississippi.

He is the only man I ever heard of who has seen or heard of such a community. Some of these displaced persons that they placed on the farms got mad because they were requested to pay for the cows they had bought. They thought they ought to be given those cows.

Some more of them turned in a complaint about the hard work they were required to do. They were not working any harder than the other people in the community—not as hard. The farmers, whites, Negroes and all, were out in the fields at work. They had to work to make a crop. But these displaced persons turned in a complaint, and someone was sent down to make an investigation. The grass was about 6 inches high in their fields, the sun was shining beautifully, everybody else in the community was out in the field working. These investigators got to looking around for these fellows and found them at home asleep in the middle of the afternoon. That is the kind of work they were doing.

Why do you want to get around our immigration laws? If you want to bring in people here, why not bring in people from those countries that settled this continent in the beginning? Why get around it, by all this subterfuge, and bring in people who are not going to do this country any good? There is no telling the number of them who have been slipped in here.

Look at the spies they have convicted, and I want the gentleman from New York [Mr. JAVITS] to call the roll and pronounce the names of them some day, spies who were in here stealing our atomic secrets and taking them to our avowed enemies.

This is still America; and the American people are looking to us to protect it and keep it American. You talk about this crowd of bureaucrats you have to pass on this. It makes me think of the time they caught a horse thief out in the Southwest. When they went to try him they got 12 of his cohorts on that jury. The jury brought in a verdict that read as follows: "We, the jury, find the man who stole the horse not guilty."

There is one thing about this MacArthur row that is doing good. It is at least waking the American people up as to who is trying to run this Government, and who is trying to wreck it. When General MacArthur came in here I was reminded of what a Negro preacher down at home said about his congregation. "Lord," he said, "whenever I gits my congregation on shoutin' ground, all I has to do is to stand up in the pulpit and holler."

I said that all General MacArthur had to do was to stand up on that rostrum and "holler" and he would be applauded from one end of the country to the other, because of the danger the average American sees in the trend of things, of people who pretend to be representing us on the Federal payroll, bringing into this country people who are dedicated to its destruction.

The American people are getting tired of seeing their boys sacrificed in useless wars on foreign soil. We have just gone

through the most useless war in history—World War II. Our boys won the fight on land, in the air, and on the ocean. Then we had Alger Hiss. By the way, I wonder if we got Mr. JAVITS' vote to cite Alger Hiss who had his gang on the payroll? Some of them are still on the payroll in high places. They sold us out at Yalta, turned the victory over to the worst enemy our Christian civilization has ever known, and then set up the so-called United Nations—that Tower of Babel that is out to destroy this Government. You talk about calling on that bunch up there to do anything. I would only call on them to do one thing, and that would be to fold up and get out of here. The quicker we get out of it the better off we are going to be.

You do not have to wait until the next elections. The people are going to take you on in the primaries, if you have one. They are going to ask you some questions. It is going to be like the parrot and the preacher down in Pennsylvania, and I hope the gentleman from Pennsylvania remembers this one.

The preacher had a pet parrot that he had taught to say some very beautiful things, quote a little Scripture and probably a few words of the Lord's Prayer. One night some drunken boys got hold of him, took him down the street, and swapped him for a parrot owned by a man who ran a speakeasy.

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. RANKIN. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. RANKIN. This man had one that looked just like the preacher's parrot. When the preacher came out the next morning, his parrot was cursing a blue streak. He thought his bird had fallen from grace. He commenced trying to coax him back to the path of righteousness. The more he talked the worse the old bird got. Finally the preacher lost his temper and jerked the bird's cage off the rack and began to swing it over and over amidst a lot of noise and racket, until finally the bird ceased squawking entirely. He threw the cage down and the old bird toppled over apparently dead. Then he saw what a foolish thing he had done. He began to get repentant. He went and got a bucket of water and poured it on him, and almost immediately he began to show signs of life. He would stretch his wings and neck and legs, and finally he got up, staggered across the cage a time or two, shook the water off himself, looked up and saw the preacher standing there high and dry. He said, "Where in the h— was you at during the storm?"

The American people are going to ask you next summer where you "were at" when this country was being destroyed from within.

Let us go back to fundamentals and save America for the Americans.

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

The question is on the amendment offered by the gentleman from Pennsylvania [Mr. WALTER].

The amendment was agreed to.

Mr. HOFFMAN of Michigan. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have no stories to tell; I wish I had, some like the gentleman from Mississippi. I thank the gentleman, the chairman of the committee, for the silent applause.

I was against bringing in these displaced persons in the beginning, because we had some in our community. The result was not encouraging. One case was where a farmer, or one supposed to be farmer, was brought in—he and his wife and a couple of children—and our kindly local farmer let him have the use of a cow until when one day the displaced person went to town and found that we were on a 40-hour week in this country, that is, factory workers were. Then he asked the farmer to take care of the cow, milk the cow and keep the milk cool while he was away from Friday until he came back Monday. That was just one incident, perhaps not typical. Having so much respect for my colleagues the gentleman from Pennsylvania [Mr. GRAHAM] and the gentleman from Maine [Mr. FELLOWS], I am forced to read and give consideration to their views before voting on the bill.

We do not need to weep for these people from abroad who are not just all they ought to be but who come in under this legislation. Under permission to revise and extend my remarks, having received permission earlier today in the House, I will quote an article which tells something about the scandalous years in Washington these days, adding to it a little bit of something about the influence of the White House in letting the so-called Capone gangsters out of jail.

#### KNOW THE TRUMAN ADMINISTRATION

Mr. Chairman, because, over the years, I have repeatedly and vigorously, in plain understandable words, called attention to the lack of common honesty, of political morality of the Truman administration, I have taken a great deal of bitter unjustifiable criticism. Some of my Republican friends have thought and have told me that it would be better to say less, not quite so often oppose so-called New Deal—more recently Fair Deal—policies.

New Deal pink- and red-tinged columnists and radio commentators who apparently have no confidence, no faith whatever in the principles enunciated in our Constitution, who would disregard natural laws and who apparently insist that we, as a Nation, are so weak that we are dependent upon other nations—first one, then another, for our continued national existence and the welfare of our people, have time and again, especially in election years, done their utmost to convince the people of the district that I was unworthy of their support because I was anti-New Deal. That these smear artists have failed in their campaigns of hate and vituperation is due, not to any special merit possessed by me but to the good sense and

sound judgment of the people of the district who not only are able to read, but are fully competent to use their own common sense and good judgment to see through the fallacies of a program which called upon the Federal Government—a Government which has not a dollar of its own except what it takes out of the taxpayers pocket—to give the people all those things which they do not have either through lack of opportunity or lack of energy to earn for themselves.

It is therefore encouraging to know that more and more people are learning just how unreliable and lacking in good faith and common decency the present administration has become.

In Look magazine of May 22 next there will appear an article by Fletcher Knebel and Jack Wilson of Look's Washington bureau. That article is captioned, according to the advance sheets received yesterday—Sunday, May 6, a good day for repentance and confession—"The scandalous years."

This article makes very brief reference to some of the activities of the Truman administration.

Among other statements, it makes reference to the activities of one Paul Dillon, Harry Truman's friend who, according to his own testimony, given before a subcommittee of the House Committee on Expenditures in the Executive Departments, bragged—and I use the word advisedly—of his friendship with Mr. Truman. Among other things, Dillon testified that he twice managed Mr. Truman's campaign when he was a candidate for Senator. Dillon did not tell how the primary nomination was stolen by the Pendergast-Truman machine from Jack Cochran, long a member of the House—an honored, patriotic Democrat, respected by every Member of the House who knew him. Nor does this article tell, though Dillon did, that he was always welcome at the White House, needed no advance announcement of his intentions to visit Mr. Truman and that in aiding in procuring a parole for the four Chicago gangsters he used his influence with the parole board. Nor does the article tell that Dillon testified that he received \$10,000 for his services. Nor does the article mention that Dillon, at one time, found it expedient to go to another State where he remained for several years in order to avoid inquiry in his home State into his conduct as an attorney.

This article from the Look does state that the wires pulled by the four gangsters—Louis Campagna, Paul Ricci, Philip D'Andrea and Charles (Cherry Nose) Gioe—can be traced through Dillon and Hughes to the White House and the Justice Department.

The article refers to Maury Hughes, of Dallas, boyhood friend of the then Attorney General, Tom Clark, who received \$15,000 for his efforts in the case. A small fee, by the way, when the results achieved by Hughes are considered.

The article, being brief, fails to mention the fact that before these four gangsters could be paroled it was necessary to obtain the dismissal of a still-pending

indictment against them by contacting the Justice Department and Tom Clark, then Attorney General.

The indictment pending in New York was dismissed, and then the parole was granted. Hughes testified that a man unknown to him handed him \$1,000 in Chicago as a retainer in the case and that later a stranger in the city of New York gave him 14 additional \$1,000 bills for his services in connection with the case. The committee investigating these paroles was unable to learn the identity of the gentleman who paid Mr. Hughes nor the identity of those who contributed the funds necessary to settle the tax case against Louie Campagna.

The Chicago attorney for Campagna testified that individuals came into his office, laid money—thousands of dollars—on the desk without identifying themselves, merely stating that it was "for Louie." All efforts of the committee to inquire into the income-tax returns of these gangsters were stymied by Washington, where the necessary approval of President Truman could not be obtained. Only the President can make income returns available to such committees of inquiry, prosecutors, courts, and so forth. Thus, the committee never was able to uncover the facts in connection with this crooked deal.

The whole deal smells to high heaven.

Because this article to be published in Look tells a part—but not all—of the story of The Scandalous Years in Washington since the Truman administration came to power, with the permission of the House, I will read it. But, first, permit me to read from the article, A Calendar of Political Morals. I read:

#### A CALENDAR OF POLITICAL MORALS 1945

April: On F. D. R. funeral train, Pauley talks about oil.

May: President Truman begins pardoning Pendergast ballot thieves. Vaughan maneuvers Chicago friend abroad on perfume business. Dillon, ex-Truman campaign manager, asks prison transfer for mobsters.

June: Vaughan's friend brings back \$53,405 in perfume. Freezers sent to Vaughan, Connelly, Vardaman, and Mrs. Truman. Messall, ex-Truman secretary, help black-market firm get corn.

July: Vaughan clears perfume executives for priority space to Europe. Maragon tries to smuggle in perfume.

August: Mobsters get prison transfers.

September: Truman frees Indiana gambler.

#### 1945-46

October: Truman pardons Schenck.

November: Vaughan and Pauley help Maragon onto United States Greece mission.

December: Truman pays Pendergast Club dues. Freezer put in White House.

January: More gift freezers arrive. Truman names Pauley to Navy post, exploding oil scandal. Ickes resigns.

February: California housing official collects from Federal employees.

March: Maragon, fired from mission, gives Democrats \$300 donation.

April: Iowa gambler wins liquor permit, as known gamblers find doors open to liquor business.

August: Pendergast and Binaggio forces steal Kansas City primary for Truman candidate.

November: Vaughan secures Agriculture Department for ...



1947

March: Gambler Erickson gives \$2,500 to Truman campaign. Commerce Department officer involved in export-license scandal.

April: Cleveland's Democratic leader is a lawyer in race wire-service deal.

May: Internal Revenue Department lets Capone mobsters get by without disclosing all sources of income. Kansas City grand jury finds Truman forces stole primary election. Vote-fraud evidence taken from Jackson County courthouse.

August: Four Capone gangsters paroled through Washington influence.

September: Graham, Pauley, 800 other Federal employees in commodity market as Truman denounces speculators.

October: Vaughn helps race track get scarce building materials.

November: Truman frees Curley from jail.

1948

April: Democratic leader seeks to halt Youngstown, Ohio, racketeer's deportation. Reno revenue collector helps gambler with tax return.

July: Vaughn obtains another passport for perfume executive-friend.

September: Erickson's lieutenant heads Truman treasury in Miami. Binaggio raises campaign fund from gamblers. Postal official starts stamp racket scheme. Bilks Joe Adonis.

October: Youngstown party boss, friend of rackets, dies with \$125,000 in cash box.

November: Edward Prichard, administration protégé, stuffs Kentucky ballot box.

December: Senate committee hits influence racket in export licenses.

1949

March: Murder of Wolf Riman, Kansas City slot-machine operator, liquor distributor, and deputy sheriff.

May: RFC lends money to business concern in which Florida sheriff, gamblers' friend, has large interest. The company then promptly goes bankrupt. James Hunt peddles his influence in Washington at a fee of 5 percent. Two top Army officers make use of their Washington influence.

September: RFC enmeshed in Lustron Corp. manipulations with \$37,500,000 of taxpayers' money. Binaggio helps arrange dinner honoring National Chairman Boyle.

October: RFC official resigns to work with RFC-active law firm. RFC lends money to Reno gambling hotel.

1950

February: Stamp racket explodes, postal official confesses.

April: Binaggio and Gargotta slain in Kansas City Democratic Club. Maragon convicted of perjury. Truman salutes crime committee, pardons Curley.

July: Boyle's introduction used in attempt to work RFC deal for group with criminal records.

September: Shenker, gamblers' lawyer, named to Democratic finance group. O'Dwyer becomes Ambassador to Mexico, escapes police scandal. White House stenographer received \$9,500 "RFC" mink coat.

October: Kefauver committee bares link between underworld and Chicago politicians.

November: California Crime Commission reports tax deals with racketeers.

December: Truman commutes Prichard's sentence.

1951

January: Postal official sentenced for stamp scheme.

February: James Hunt is indicted. Internal Revenue Commissioner fires San Francisco deputies. Mississippi Democrat ousted in Government job-selling racket.

March: Kefauver committee attacks favored treatment for gamblers by Internal Revenue Bureau.

Mr. Speaker, I now read the article:

[From Look of May 23, 1951]

#### THE SCANDALOUS YEARS

(By Fletcher Knebel and Jack Wilson, Look's Washington bureau<sup>1</sup>)

(Washington's political scandals, breeding on friendships, favoritism and frauds, have made shocking news, quickly forgotten. The record stamps these as years of immorality, corruption—the shameful era of Pendergastism in Washington.)

President Truman: "My people are honorable—all of them."

Political morality in Washington has sunk to the lowest depth in a quarter of a century:

Four members of the White House staff have been implicated in undercover deals since April, 1945.

Two friends of the White House have been convicted of fraud, a third indicted.

Fourteen high Federal officials have been exposed tugging at the golden skein of influence.

Nine members of the administration family have accepted valuable gifts, including a mink coat.

Ten Federal agencies have been tangled in shadowy manipulations.

Almost 900 Federal employees have been caught trying to improve their private fortunes through their positions on the public payroll.

Out from the Nation's Capital, the twisted threads of influence stretch through the land, pulled taut by recipients of Government loans, by local political bosses and by powers of the underworld.

Here—for the first time—is the 6-year story of the underbelly of the Truman administration. This is the documented day-by-day history of Pendergastism in Washington, as now spread on the record by congressional investigating committees.

The story begins on Sunday, April 15, 1945, on the special train bearing President Truman back from the funeral of Franklin D. Roosevelt at Hyde Park.

As the train rolled southward, the new administration went to work. In a rear car, Edwin W. Pauley, rich California oil promoter and treasurer of the Democratic National Committee, talked with Secretary of the Interior Harold L. Ickes. As Ickes reported it later, Pauley wanted him to block Federal plans to take away the oil-rich tidelands from the States. That night, Ickes wrote in his diary: "This is the rawest proposition that has ever been made to me. I don't intend to smear my record on oil at this stage of the game."

#### THE QUALITY OF MERCY IS STRAINED

When the conversation was made public, Pauley claimed Ickes misquoted him. He admitted they had talked of oil.

In Washington a few days later after the funeral, President Truman appointed Pauley United States representative on the Allied Reparations Commission with the rank of Ambassador.

President Truman began issuing pardons to fellow workers in the Pendergast machine before he had been in office a month. Sixty-

<sup>1</sup>Look's Washington team spent weeks digging this report out of the present administration's grim record. Both Fletcher Knebel and Jack Wilson have been Washington correspondents since before this era of scandal began. Knebel, born in Dayton and Phi Beta Kappa graduate of Miami (Ohio) University, has been a newspaperman since 1934, covering the Capital since 1937. Wilson, graduate of the University of Minnesota, has been a reporter since 1935 in Minneapolis, joining Look's Washington bureau in 1944.

three had been convicted of vote fraud in the 1936 elections in Jackson County, Mo., home county of President Truman and Boss Tom Pendergast. Beginning with James G. Gildea on May 5, President Truman pardoned 15 ballot thieves within a year, restoring their civil rights and clearing them for future political activity. The White House did not make any announcement concerning the pardons.

On May 19, Paul Dillon, St. Louis campaign manager for Mr. Truman's Senate race and ex-errand boy for Tom Pendergast, went to Washington. He wanted Paul (The Waiter) Ricca and Louis (Little New York) Campagna, two notorious Chicago Capone mobsters serving 10-year prison terms, transferred from Atlanta penitentiary to Leavenworth. Leavenworth was closer to the Chicago mob's base of operations. Dillon says he "discussed politics" with Frank Loveland, assistant director of the Federal Bureau of Prisons. Loveland said a transfer was not possible immediately, but suggested it might be proper sometime in the future. Ricca and Campagna were transferred that summer despite objections of the Atlanta warden.

Other Federal prisoners received favors directly from the White House. James J. Gavin, partner in the Greyhound gambling joint in Jeffersonville, Ind., was serving a 5-year term for dodging income taxes on horse-race winnings. James Gavin's brother, Willie, tossed \$1,000 into the Democratic national campaign fund. Then he visited William M. Boyle, Jr., Mr. Truman's former secretary who was assistant to National Democratic Chairman Robert Hannegan. Boyle said he'd do what he could. Others also developed an interest and asked the Justice Department to give the case careful consideration.

Harry E. (Cueball) Whitney, a Pendergast wheel horse and World War I Battery D mate of the President, talked to White House Secretary Matthew Connelly about Gavin. On September 13, President Truman quietly commuted Gavin's prison sentence. A week later, 4 months before he was eligible for parole, Gavin was free. Attorney General Tom C. Clark said he had been a "good prisoner" and that a large number of respected persons had requested that he be released.

The following month, the President pardoned Joseph M. Schenck, another heavy contributor to the party chest. The movie magnate had served 1 year of a 3-year term for income-tax evasion.

Another pattern of influence began to develop before Harry Truman had been President 3 weeks: Brig. Gen. Harry H. Vaughan, an old Missouri field artillery pal of the President since 1918 and now his military aide, started operating.

Like many businessmen, David A. Bennett, president of Albert Verley & Co., a Chicago perfume concern, wanted to go to Europe. Unlike most, he knew Vaughan. On May 1, 1945, on White House stationery, Vaughan wrote a letter saying Bennett was "entitled to the courtesies of American officials abroad." The war was still being fought, but Bennett got the priority he needed to fly to Europe and back. When he returned June 6, he declared two satchels of perfume, valued by customs authorities at \$53,405.

The day Bennett landed in New York, a frozen-food unit was shipped to Vaughan's home as a gift. Another was sent to Mrs. Truman at Independence, Mo. A third went to Matthew Connelly and a fourth to Capt. James K. Vardaman, the President's naval aide, now a member of the Federal Reserve Board.

#### THE SAGA OF A LOVABLE GUY

When news of the gift freezers leaked out, Vaughan said they were factory rejects. The manufacturer indignantly denied this. Bennett had paid \$390 apiece for them.

A second Verley company delegation took off in high-priority airplane space for Europe July 14. It included John F. Maragon, former Kansas City bootblack whom Vaughan called a lovable guy.

Landing in New York July 31, Maragon had an argument with customs officials over a package he was carrying. Maragon said it contained champagne and he waved a White House pass at the inspectors. They opened the bundle anyway—and found two tins of perfume oil worth about \$2,300.

Three days after this smuggling attempt, Vaughan wrote a note to the State Department asking that Maragon again be allowed to go to Europe on perfume business. Vaughan told the Passport Bureau that "the President is personally interested in Maragon's trip to Italy." Maragon gained special permission to travel without a military permit and to ship, by air, 348 pounds of perfume oil.

#### FRIENDS OF THE WHITE HOUSE FAMILY BEGAN WINNING FAVORS IMMEDIATELY

In November, Maragon was back at the White House with his hand out. He wanted a State Department job with the American election commission to Greece. Vaughan got it for him; \$5,600 a year plus \$15 a day for expenses. Maragon continued to draw \$1,000 a month and expenses from the Verley company. Pauley helped by writing Henry F. Grady, head of the mission, that "Johnny Maragon . . . is not only a good friend of mine but also of the President's."

While Maragon was in Greece, in December 1945, Bennett shipped a fifth freezer, a \$520 model, to Vaughan, who installed it in the White House staff restaurant.

Maragon was a diplomat for 4 months. The State Department fired him February 28, 1946. Grady said Maragon "was making himself a nuisance." But Maragon wasn't angry. One of his first acts when he returned to Washington was to buy \$300 worth of tickets to the Democratic Jackson Day dinner. He charged them to the Verley company. A few weeks later, Vaughan was helping Maragon and Bennett rush passports for another trip.

About this time, Victor R. Messall, who, like Vaughan, was a former secretary of Mr. Truman's in the Senate, was trying to make his Missouri friendships pay off. David G. Lubben, of New York, sought an OPA sugar quota for his firm, which was operated in connection with Frank Livorsi, a convicted narcotics peddler. Some of the firm's employees regarded Frank Costello, underworld premier, as their real boss. Lubben later testified he paid Messall \$1,000 to try to get an OPA sugar quota. Messall denied this but admitted one of his employees had tried to get Lubben some additional corn. Messall said he "probably signed the letter" concerning additional corn allocations, but contended it was written by the employee and he could not recall the circumstances.

As 1945 ended, any doubts that Pendergastism had moved to Washington were dispelled. President Truman wrote to Jim Pendergast, Boss Tom's nephew and heir, on December 7:

"Dear Jim: I am enclosing you check for \$6 in payment of my Jackson Democratic club dues. I hope the outfit is still going good. Sincerely yours, Harry."

The new year brought more of the same. On January 17, Bennett shipped a sixth freezer gift, another \$520 model, to Secretary of the Treasury Fred M. Vinson, now Chief Justice of the United States Supreme Court. A seventh freezer went to Director of Reconstruction John W. Snyder, now Secretary of the Treasury. Snyder rejected the gift.

#### THE "OLD CURMUDGEON" ERUPTS

The raw deal that worried Ickes at the start of the new administration burst into public view that January. President Truman nominated Pauley to be Under Secre-

tary of the Navy. The Under Secretary administers the Navy's oil reserves. Pauley was a private oil operator. The Senate noted the coincidence and ordered hearings.

Ickes cut loose and told about the proposition Pauley had made on the funeral train. The "Old Curmudgeon" also said Pauley earlier had offered to tap California oilmen for \$300,000 in the 1944 campaign if the administration would forget about tidelands.

Ickes said that before he testified he talked with Mr. Truman, who told him: "Tell the truth, but be as gentle as you can with Ed."

President Truman defended Pauley's reputation as unscathed, but the Senate refused support and the nomination was withdrawn. Ickes, quitting the Cabinet in a flaming rage, dared Attorney General Clark to set a grand jury on Pauley. The challenge was ignored.

The "courageous gang" ethics of high officials in Washington were contagious. In February 1946, John A. Arvin, Los Angeles and San Diego area Federal housing manager, hit 50 Federal workers for \$25 Jackson Day dinner tickets. The money went into the 1946 campaign fund despite the Hatch Act.

Arvin used a Government Cadillac and collected \$1,190 for repairs in 1 year. He operated a camp stocked with Government blankets and cots. His shotguns were cleaned by housing employees on Government time.

In April, Deputy Commissioner Stewart Berkshire of the Federal Alcohol Tax Unit, overruled his own field office and issued a Federal liquor license to Lew Farrell, a Des Moines, Iowa, gambler with a gun-toting record. There is a law that is supposed to bar such men from the liquor business.

In star-chamber sessions, closed to the public, the ATU had granted scores of liquor licenses to known hoodlums and mobsters. Joe Fusco, a beer trader and friend of Al Capone in Chicago's roaring twenties, has fared so well since the war that he now controls a vast liquor business and has hired several ATU agents away from the Government.

The President went out to vote in the Kansas City primary in August 1946. He was determined to lick Representative Roger Slaughter, an anti-Fair Dealer, and nominate Enos Axtell for Congress. Mr. Truman was photographed with Boss Jim Pendergast, but it was Boss Charles Binaggio who delivered the bacon.

Binaggio, racketeer, gambler, ex-bootlegger, threw in with Pendergast to nominate Axtell. Former Missouri Attorney General Roy McKittrick later said that Binaggio in that election not only voted them from the grave but "from England and France."

Slaughter was buried under the avalanche of phony ballots. The steal was so obvious that Attorney General Tom Clark finally heard the screams of the Kansas City Star and let the FBI investigate.

The FBI later admitted to a Senate committee that the investigation ordered by Clark was limited to a review of evidence developed by the Star. He carefully refrained from ordering a thorough inquiry. Clark is now an Associate Justice of the United States Supreme Court.

In the fall of 1946, Vaughan and Maragon were guests of honor at a brewery party in Milwaukee. There, Maragon met Milton H. Polland, a friend of Vaughan's.

Polland's nephew, Harold Ross, was in trouble. Ross' Allied Molasses Co. of Plainfield, N. J., had been cut off from its molasses sources for violating control orders. Ross hired Maragon to straighten things out.

#### VAUGHAN AND MORE VAUGHAN

Vaughan also tried to help. He telephoned Herbert C. Hathorn, molasses chief in the Agriculture Department. Vaughan opened the conversation by informing Hathorn, "We Democrats have to stick together," and closed

it by threatening to have Hathorn fired if he didn't approve molasses for Allied.

Vaughan later claimed to have no memory of the affair. Hathorn and his superior, Joseph T. Elvove, remembered it clearly.

After losing the 1946 election to the Republicans, the Democratic National Committee began a high pressure drive to recoup in 1948. Jefferson-Jackson dinners, \$100 a plate, were routine. At Miami Beach's Roney Plaza, the price was \$250. Ten tickets were bought for Frank Erickson, the recently jailed New York gambler, by Abe Allenberg, his aide in Miami. Erickson, Allenberg and assorted pals attended the dinner.

George L. Killion, the national treasurer of the party, sent Allenberg a nice note: "Dear Mr. Allenberg: We are grateful to you for participating in the Miami Jefferson Jubilee dinner. Your assistance proved of material help to the Democratic Party in preparing for its 1948 Presidential campaign."

Meanwhile a new racket burgeoned on the Potomac. On March 27, 1947, Peter Lektrich, a licensing officer for the Commerce Department's Office of International Trade, validated an export license for 100,000 pounds of scarce steel pipe. He did it to oblige a friend, Robert M. Mistrong. Mistrong was one of the new crop of export "expeditors" dealing in illicit licenses. Lektrich told a Senate committee he had hoped to go into business with Mistrong. He was fired from the Commerce Department. At present, he works for the Clerk of the House of Representatives.

Faked export permits sold for as high as \$10,000. The Commerce Department regarded the situation with apathy until, a year later, pressure from Congress forced action.

In April, 1947, 23-year-old Edward McBride bought the \$2,300,000-a-year horse-race wire empire, Continental Press Service. Continental Press distributes racing results all over the country. It's the glue that holds the organized underworld together.

Young McBride was advised in the negotiations by the law office of Miller & Hornbeck in Cleveland. His father, Arthur B. (Mickey) McBride, is a good friend of Ray T. Miller, one of the law partners and Democratic chairman of Cuyahoga County and Cleveland's Democratic boss.

Mickey McBride has been associated in Florida real-estate transactions with "Big Al" Polizzi, "reformed" bootlegger and slot-machine operator. McBride is also friendly with the three Angersola brothers, alias King, one of whom, John, has a long string of notations on police blotters.

Ray Miller led the Ohio delegation to Philadelphia in 1948 and held it in line for Truman. When the President spoke in Cleveland in the 1948 campaign, Miller acted as major domo.

#### TAX HOCUS-FOCUS

Chicago gangsters Tony Accardo and Jake (Greasy Thumb) Guzik, chief legatees of the old Capone mob, sent in a partnership Federal tax return in the spring of 1947. It included an item of \$130,000 listed as "other income."

Confronted with the mysterious \$130,000, the Bureau of Internal Revenue sent an agent, Ned Klein, to investigate. He reported that the partners refused to divulge the source of this income. He urged further inquiry. But Accardo and Guzik escaped without any embarrassing talk about the \$130,000.

That same spring month in 1947, the Kansas City vote-fraud case literally blew up.

Although Attorney General Clark and the President had failed to order a complete investigation of the 1946 piracy at the polls, a Jackson County grand jury did its own sleuthing. On May 27, the grand jury reported that Representative Slaughter had been "deprived of the nomination by fraudulent miscount of votes and by other types of fraud." The grand jury indicted 71 persons.



Anticipating the report, Pendergast and gangster-boss Binaggio had accumulated a fund of \$35,000 to defend their minions. A few hours after the grand jury reported, thugs blew open the vault at the Jackson County courthouse and made off with the ballots impounded there. President Truman was sleeping in the Muehlebach Hotel, two blocks away.

Disappearance of the ballots scuttled the case. President Truman and Attorney General Clark promised to investigate. A Senate committee started to look into the affair, but the administration choked it off. Three years later, the statute of limitations took effect.

Now the scene shifts back to Chicago. On August 13, 1947, four of the old Capone crowd walked out of Federal prison because they knew the right people. The four were Louis Campagna, Paul Ricca, Philip D'Andrea, and Charles (Cherry Nose) Gioe. The wires they pulled can be traced to the White House and the Justice Department.

On the Federal parole board were B. J. Monkiewicz and Fred S. Rogers, both appointed a few months earlier by Attorney General Clark. Rogers came from Bonham, Tex.

The lawyers in the case included President Truman's old St. Louis campaign manager, Paul Dillon, and Maury Hughes, of Dallas, boyhood friend of Attorney General Clark. Hughes got \$10,000 for his efforts in the case.

Some fantastic angles of the case were never cleared up. The Treasury, for instance, settled a \$670,000 income-tax lien against Ricca and Campagna for \$128,000. Nobody seemed to know why.

Another Potomac-side scandal, one of the worst in the history of latter-day Pendergastism, was blooming in September 1947.

**SOME 800 PUBLIC SERVANTS TOTALED \$213,000.-000 IN COMMODITY GAMBLING—OF GRAIN AND MEN**

President Truman warned that "grain prices should not be subject to the greed of speculators who gamble on what may lie ahead in our commodity markets." More than 800 officials and employees of his administration during 1946 and 1947 had speculative transactions totaling \$213,000,000 in the commodity markets.

The fever infected even the White House staff. A heavy plunger was Brig. Gen. Wallace H. Graham, the President's physician. On September 17, 1947, Graham had a grain investment of at least \$22,500. He first explained that he didn't know his broker had put him in the grain market. He said his account was closed out 2 days after the President, on October 5, publicly denounced speculators.

The explanation was as glib—and as accurate—as General Vaughan's statement that his freezer was a factory reject. Before a Senate committee, Graham admitted his account had not been closed until December 18.

Ed Pauley, an assistant in the office of the Secretary of the Army at the time, was also deep in the speculations. Pauley admitted he was in the market to the extent of \$932,703 during the years the administration was scouring the farm lands for grain for Europe.

An Oklahoma Democrat and former chairman of the Senate Agriculture Committee, conceded that he was playing the market. His wife was trading in cotton futures.

Speculators included diplomats, Pentagon officers, Federal bureau officials, and civil-service employees. House committee members who investigated said they could not prove that any of the eight-hundred-and-odd Government people traded on inside knowledge in their market dealings, but many of the transactions looked suspicious.

**HERE'S VAUGHAN—AGAIN**

A woman in the Commerce Department admitted that, on September 8, she told a

friend the details of the order, to be issued September 10, permitting larger exports of lard. The friend was employed by the Institute of Shortening Manufacturers. Lard prices climbed 9 cents after the order came out.

While White House General Graham was playing the markets, White House General Vaughan was improving the race-track situation. In October 1947, William Helis walked into Vaughan's office to discuss a race-track problem. According to testimony before the Kefauver crime committee, Helis had business tie-ups with Frank Costello and "Dandy Phil" Kastel, the gambling moguls.

Helis persuaded Vaughan to introduce Eugene Mori and Samuel P. Orlando to Frank Creedon, the Federal Housing Expediter. Mori and Orlando had bought Tanforan race track, near San Francisco, but could not get a Federal permit to construct buildings there.

Creedon's legal staff told the trackmen their case looked hopeless because of the critical housing shortage and restrictions on building materials. A little later, Tighe Woods became Expediter and the Housing Administration began grinding out a permit for use of \$150,000 worth of materials at Tanforan. The process took time. General Vaughan called Woods and told him "some friends of mine are interested in this." He said he wanted to be sure Woods would not be prejudiced because Tanforan was a race track. Vaughan called Woods a second time, asked for more speed. The construction permit was issued the next day. Woods defended the permit as perfectly legal.

Helis contributed about \$4,000 to the Democratic Party for the 1948 election. Vaughan handled the contribution.

As 1947 dwindled, Truman again was active in behalf of his friends. He freed Mayor James M. Curley of Boston and Donald Wakefield Smith, former member of the National Labor Relations Board, from the Federal penitentiary.

Curley and Smith, both Democrats, had been convicted of mail fraud in a \$60,000 deal to swing war contracts to clients. While in jail, Curley had continued to collect \$20,000 as Boston's mayor. He acknowledged the President's graciousness by rigging a howling demonstration when Mr. Truman visited Boston in the 1948 campaign.

#### A FRUGAL MAN

In Ohio the administration came to the aid of another underprivileged character with the right connections. In the spring of 1948, a bill in Congress to stay the deportation of Frank Cammerata was introduced by the chairman of the Democratic Congressional Campaign Committee and a friend of Mr. Truman's.

Cammerata, a major figure in the Youngstown underworld dominated by the Licavoli mob, was married to Pete Licavoli's sister and ran the slot-machine industry in Youngstown through the sufferance of Johnny Vitullo, the local Democratic chief. When Vitullo died of a heart attack in October 1948, his safe-deposit box disgorged \$125,000 in cash.

With a lengthy police record stretching over 17 years, Cammerata had been picked up on a fur-robbery charge and was to be ejected from the country as an undesirable alien. Following introduction of the bill, Cammerata was released from Ellis Island.

It was during April, too, that Pat Mooney, deputy collector of internal revenue at Reno, Nev., admitted that he had been making out income-tax returns for San Francisco gambler Elmer (Bones) Remmer. Mooney, besides his job as Federal tax collector, managed the Mountain City Consolidated Copper Co. of Nevada (not to be confused with the reputable Mountain City Copper Co.). The California Crime Commission said Mooney's concern had not produced a ton of ore in

13 years of operation. All but one of its officers were Federal officials. Investors included gangsters, racketeers, and hoodlums. The crime commission reported that the only important tax-fraud prosecution in Nevada in recent years involved a man who refused to buy Mountain City Consolidated stock.

#### MOONEY IS SNAGGED

A California abortionist who was being pressed for payment of \$50,000 in overdue income taxes gave Mooney \$5,000. Mooney said it was an investment in the mining company. Mooney later resigned. He was indicted last March by a grand jury that charged him with conspiracy to defraud the Government.

Meanwhile, Vaughan was helping Bennett, the perfume man, arrange another trip to Europe. Bennett wanted to get into the British zone of Germany. The Army said he couldn't. Vaughan got the State Department to say he could. It was one of eight times that Vaughan arranged special favors for Bennett or his employees.

As the 1948 campaign approached, alliances with the underworld were cemented. Abe Allenberg, Frank Erickson's lieutenant, was named Miami treasurer of the Truman campaign committee. In Kansas City, Charles Binaggio began raising a \$150,000 campaign fund from his racket cronies in behalf of President Truman and Forrest Smith, Democratic candidate for governor. Binaggio offered Roy McKittrick, one of Smith's primary opponents, \$50,000 to withdraw but was turned down.

The President was rocketing around the country "giving 'em h—" when Harold F. (Dusty) Ambrose, a \$10,000-a-year special assistant to Postmaster General Jesse M. Donaldson, decided Washington's moral climate was about right for a Ponzi deal. Ambrose was on the Federal payroll despite disclosures that he sold a private newsletter to postmasters, trading on his position in the Department.

His new scheme involved getting well-heeled suckers to invest in special commemorative stamps, to be sold at a profit to stamp collectors. His big selling point was his inside position in the Post Office Department.

#### ADONIS GETS TAKEN

First, he hooked Joe Adonis, overlord of New Jersey gambling and associate of Costello and Erickson, for \$105,000. Adonis expected nothing but profit from an association with an administration insider. But instead of buying stamps, Ambrose simply paid "dividends" to early investors, using money from later arrivals. Months later, when Ambrose could no longer pay off, the scheme was exposed. In 1951, he was convicted and sentenced to 2 to 7 years in prison.

The President's 1948 victory over Gov. Thomas E. Dewey was so emphatic he did not need the assistance of Edward F. Prichard, Jr., the 33-year-old boy genius of the administration who stuffed a Kentucky ballot box with 254 forged Democratic votes.

Prichard was a former aide of Chief Justice Fred M. Vinson while Vinson was filling high postwar positions in the administration. He also had been a protégé of Associate Justice Felix Frankfurter and was a former counsel for the Democratic National Committee. His mistake was bragging about the ballot forging. He was convicted, but Mr. Truman commuted the 2-year sentence 5 months after Prichard began to serve it.

President Truman was inaugurated on January 20, 1949. Two months later, on March 29, gangsters' guns barked in Kansas City. Wolf Riman, the slot-machine boss, was killed shortly after he acquired exclusive rights to distribute a popular brand of whisky.

The Alcohol Tax Unit in Washington had given Riman a Federal liquor license despite

his known underworld operations. He had friends in the right places. One of them was Sheriff J. A. Purdome of Jackson County.

Purdome was the sheriff who supplied the watchmen who weren't there when the vote-fraud ballots were blasted out of the courthouse vault 2 years earlier. When Riman was killed, he was about to step into his automobile fitted with red lights and a police siren. Purdome had made him a deputy sheriff and let him use the deputy's badge while overseeing his slot-machine and juke-box enterprises.

Two months later, another sheriff showed up in the panorama of corruption. Sheriff Walter Clark was the political boss of Broward County, Fla., the gambling mecca outside Miami.

Frank Costello, Frank Erickson, Joe Adonis, and Mert Wertheimer were the big names in Broward County gambling. The gamblers acknowledged Sheriff Clark's hospitality with appropriate "campaign contributions." Clark's salary was \$7,500 a year, but he owned a beautiful home, a \$35,000 share in a garage business, a 200-acre farm, and miscellaneous real property. His income included about \$16,000 a year from a concern dealing in slot machines, juke boxes, and bolita, the Cuban version of the numbers racket.

Sheriff Clark also was one of the largest stockholders in the Ribbonwriter Corp., devoted to the manufacture of a typewriter gadget. The Reconstruction Finance Corporation, the Federal Government's lending arm, loaned Ribbonwriter \$300,000 against the recommendations of its own review committee.

#### TAXPAYERS' MILLIONS GIVEN COMPANIES HAVING INSIDE TRACK TO RIGHT PEOPLE

Three months after it got the RFC money, Ribbonwriter went bankrupt. The receivers found less than \$100 cash in the till.

In May 1949, another of General Vaughan's friends, James V. Hunt, the 5-percenter, was swimming free style in the flood waters of influence.

Sitting in Hunt's office, Maj. Gen. Alden H. Waitt, Chief of the Army Chemical Corps, dictated a memorandum for Vaughan to hand to the President. It demonstrated that Waitt was the "only man qualified to be Chief of the Chemical Corps for the coming term. Hunt was trying to get a Chemical Corps contract for one of his paying clients, Deering-Milliken Research Trust of Greenwich, Conn. General Waitt was doing his best to help. As he told one of his officers, Deering-Milliken had "influence in the White House that might prove valuable." Valuable to Waitt. When the facts came out, he resigned from the Army.

Another of Hunt's helpful friends, Maj. Gen. Herman Feldman, the Quartermaster General, supplied the "fixmaster" with inside information about the Army's purchasing plans. Feldman kept his job but received a public reprimand.

#### HORATIO ALGER IN WASHINGTON

In the summer of 1949, the RFC became tangled in one of the era's most odorous messes. The RFC had loaned a total of \$37,500,000 of the taxpayers' money to the Lustron Corp. of Columbus, a prefabricated housing concern.

Among the RFC examiners when the first portion of the loan was approved was E. Merl Young. A one-time Kansas City grocery clerk, Young had arrived in Washington in 1940 when his wife, Lauretta, started working for Senator Truman. Victor Messall, the Senator's secretary, got him a Government job as a \$1,080-a-year messenger.

Later, Young examined loans for the RFC and in 1948 went to work for Lustron, quickly rising to an \$18,000 vice presidency. Simultaneously, he held a \$10,000 job with the F. L. Jacobs Co., of Detroit, a \$3,000,000 RFC borrower.

Young was a close friend of RFC Director Walter L. Dunham. Dunham took a particular interest in the Lustron loan, and in September 1949 decided on an RFC survey to find out why Lustron was going broke. He consulted his friend, James C. Windham, assistant to George E. Allen, White House joke-smith, when Allen was an RFC Director.

After the F. L. Jacobs Co. had negotiated its \$3,000,000 loan, Windham had left the RFC to become its treasurer. Now Windham knew just the man to make Dunham's survey—Rex Jacobs, president of the Jacobs Co.

Jacobs knew all the ins and outs of the RFC. Among his close friends was Donald Dawson, the President's personnel assistant and former RFC official. A Senate investigating committee reported evidence that Dawson still swings a lot of weight within the Corporation. His wife is in charge of all RFC files.

The Dawsons spent rent-free Miami Beach vacations in \$30-a-day rooms of the RFC-financed Saxony Hotel, headed by George D. Sax, Chicago punchboard king and a heavy Democratic contributor. The Saxony and two Miami-area hotel concerns obtained RFC loans backed by Charles Murray, Senate administrative assistant. James Murray made \$21,000 as an attorney representing these same hotels in their successful efforts with the RFC.

#### ONCE OVER LIGHTLY

Assigned to the Lustron survey, Jacobs whipped through the huge corporation in 2 days. He reported, among other things, that Lustron was spending too much to haul its prefabricated houses from factory to customer. He overlooked the fact that for 6 months Lustron had been paying \$44,800 a month rent on 40 truck tractors that it never received. These tractors were leased to Lustron by Commercial Home Equipment Corp., which had been created specifically for that purpose.

The attorney for Commercial Home was Joseph E. Casey, former Democratic Congressman from Massachusetts. Casey had netted \$250,000 on resale of ships purchased from the United States Maritime Commission. Casey had close business ties with the Washington law firm of Goodwin, Rosenbaum, Meacham & Bailen, which handled many RFC deals. Joseph Rosenbaum, principal partner in the law firm, had a business association with Rex Jacobs.

To complete the circle, there was Paul O. Buckley. He was a director of Commercial Home. He also was a director of Lustron. He had business connections with Joseph Rosenbaum's brother, Frank. Finally, Buckley was connected with Barium Steel Corp., a company affiliated with Central Iron & Steel Co., which received \$6,300,000 in RFC loans in the summer of 1949.

Only one RFC examiner did not object to the Central Iron loan. The exception was Hubert B. Steele. Steele's daughter, Virginia, once was Merl Young's secretary and later worked for Rosenbaum's law firm. A month after Central Iron got its loan, Steele quit RFC and went to work for Rosenbaum, whose firm represented Barium Steel. The day he went to work, Steele was given \$5,000. Rosenbaum said it was 4 months' salary in advance.

Rosenbaum gratefully "loaned" Merl Young money to buy a house and to get Mrs. Young, by now a White House stenographer, a \$9,500 mink coat. Mrs. Young selected a natural royal pastel mink at a New York furrier's. Details of the loans were intricate and vague.

While the RFC whirligig was spinning, the Democratic faithful gathered in Kansas City on September 29, 1949, at a testimonial dinner for William Boyle, new chairman of the national committee.

#### "HIGH FINANCE" IN RENO

Charles Binaggio, the gangster-politician, was on the arrangements committee. He

and his wife, niece of Kansas City racketeer Tano Lacoco, sat near Boyle and President Truman.

Ten days later, the gangster-Democratic entente was underlined again. On October 9, the RFC approved a loan of \$1,300,000 to the Mapes Hotel in Reno. The hotel's gambling concession had been leased to Lou Wertheimer, brother of Mert, the big-league dice-and-cards man from Detroit. Mert operated in Chicago, in Reno, and in Sheriff Clark's Broward County domain. Lou was better known on the west coast.

Harley Hise, then RFC Chairman, said he could not see anything wrong with lending public money to finance a gambling spot. Gambling is legal in Nevada, he said.

On the night of April 6, 1950, Binaggio and his assistant thug, Charles Gargotta, were shot to death in the Democratic clubhouse, 716 Truman Road, Kansas City. The bodies were found lying beneath a picture of President Truman.

They had been murdered, it appeared, shortly after returning to the club from the State Line gambling house from which they were netting \$2,000 a month each through tolerance of the administration they had helped.

The White House lost another ally that month. John Maragon was convicted of lying to a Senate committee about his bank account and his Verley income. He got 8 months to 2 years.

The Senate Crime Committee, headed by Senator ESTES KEFAUVER, swung into action after Binaggio and Maragon had been removed from circulation. President Truman applauded the committee's objectives and granted a full pardon to former Mayor James M. Curley of Boston, whom he had released from prison in 1947.

While the Kefauver committee was stirring the bushes in July 1950, Leo B. Parker, of Kansas City, showed up at the RFC, introduced by Democratic National Chairman Boyle.

Parker's client, Starrett Television Corp. wanted to buy the Aireon Manufacturing Corp. in Kansas City, Kans. RFC owned Aireon after foreclosing on a \$1,500,000 loan to the juke-box factory. Boyle's introduction was enough for the RFC directors. They didn't even bother to ask for a Dun & Bradstreet report on Parker's clients.

But before the sale could be completed, inquisitive Senators dug into the deal. They found that Jacob Freidus, owner of Starrett, and his father-in-law, Sam Aaron, were under indictment. They had neglected to pay \$218,000 in income taxes to the Government from which Freidus was trying to buy a juke-box plant. They were convicted last November. It also developed that Larry Knohl, Starrett vice president, had been in Federal prison for toying with the bankruptcy laws.

It was a busy time in Washington. Over at Democratic headquarters they were reaping funds for the 1950 Congressional elections. In September, Chairman Boyle appointed, a new member of the finance committee. He was Morris A. Shenker, Democratic power-house from St. Louis. Shenker knew where to raise money; he had tapped the gamblers.

#### COMMITTEE MEMBERS SCREAMED

Boyle, an old Pendergast man himself, voiced no objection to Shenker. But Shenker declined the appointment to the finance committee on September 12, after members of the Kefauver committee screamed in public.

John H. Hendren, former Missouri Democratic chairman, gave this sworn testimony on September 29, 1950:

That, in the 1948 campaign, Shenker and William Molasky met Hendren at the Mayfair Hotel in St. Louis. Molasky, veteran of an income-tax conviction, operated a horse-race wire monopoly to St. Louis bookies. He gave the Democratic Party \$2,000.



In return, all he asked was that the Democratic candidate for governor, Forrest Smith, if elected, would put his man on the police board. Who? "I believe his first choice was Mr. Shenker," said Hendren.

Hendren said he was fairly sure Forrest Smith, if elected, would not consider Shenker, because, said Hendren, Shenker had a large criminal practice in St. Louis.

Shenker was attorney for assorted witnesses before the Kefauver committee. Among them were William P. Brown, part owner of Molasky's race wire service; James J. Carroll, St. Louis betting commissioner; John Mooney, a bookie, and Joe Uvanni, a comeback bettor.

September 1950 was also the month that President Truman lifted New York's Mayor William O'Dwyer off the hottest spot of his career. The President appointed O'Dwyer Ambassador to Mexico and gave him a chance to walk out on the New York police investigation.

The inquiry, which O'Dwyer labeled a witch hunt, broke open September 15, 3 days before the mayor was confirmed as ambassador. That was the day the police grabbed Harry Gross, Brooklyn superbookie. Within a couple of months, 110 of New York's finest retired in the face of a grand-jury study of bribery and corruption.

Mayor O'Dwyer, who once visited the home of Frank Costello, underworld kingpin, had handed out city jobs to good friends of the racket world. The aroma from his administration became pungent indeed when James J. Moran, his old political pal and O'Dwyer-made New York water commissioner, was indicted for perjury this spring.

#### "THE WORLD'S RICHEST COP"

In October, the Kefauver committee committed a political faux pas by exposing the alliance between Chicago's Democratic barons and the underworld. The exposure wrecked the reelection chances of Senator Scott Lucas, administration leader in the Senate.

But the Cook County Democratic leaders had carried their tolerance for the rackets too far. They had endorsed former Police Captain Dan A. (Tubbo) Gilbert, then a special investigator for the State's attorney, for sheriff. Gilbert was tagged by the Kefauver committee as "the world's richest cop." Shortly before the election, he admitted he had piled up \$360,000 while serving the people. His explanation that the profits came from grain speculation raised the committee's eyebrows.

The voters responded by licking both Lucas and Gilbert. Lucas today blames his defeat on Kefauver.

A week after the election, the California Crime Commission's final report exposed a tie-up between Federal Internal Revenue agents and west coast crooks. Up to that time, incredible dealings between tax agents and hoodlums had gone on under the nose of George J. Schoeneman, Commissioner of Internal Revenue. Schoeneman is a former executive assistant of President Truman.

The crime commission said William D. Malloy, deputy in charge of the Salinas office of Internal Revenue, had tagged Anna B. (Tugboat Annie) Schultz for \$500. Annie operated a Salinas bordello and was under investigation for tax fraud. After getting \$500, the commission said, Malloy wrote Annie on Treasury Department stationery, demanding another \$75.

The commission also said Ernest M. (Mike) Schino, chief field deputy of the Federal Revenue Bureau in San Francisco, was associated in the Safety Step Sales Co. with Dorothy A. McCreedy, who also operated a string of call houses.

#### RELATED CLEAN UP

Internal Revenue officials said the whole mess was under investigation by the Bureau long before the California Crime Commission or the Kefauver committee approached it. Then the Bureau fired Malloy and Schino.

Schino was indicted along with Patrick Mooney, former deputy collector at Reno, Nev., on a charge of conspiring to defraud the Government.

The new year opened badly for the White House circle. General Vaughan's friend, James Hunt, was indicted after 5 years of peddling his influence around the Capital.

Spring blossomed along the Potomac with charges that Mississippi Democrats were selling Federal jobs. The charge embarrassed Boyle to the extent of ousting the Mississippi acting Democratic national committeeman, Clarence E. Hood.

It was 6 years since Ed Pauley talked of oil on the train heading into Washington from President Roosevelt's funeral. The moral climate had not improved.

Investigation after investigation has continued to turn up shocking cases of hidden corruption and misuse of influence. Thousands of official pages of testimony have placed on the record this 6-year history of cronyism in our times. How deep does this corruption run?

#### The Clerk read as follows:

SEC. 2. Paragraph (3) of subsection (f) of section 2 of the Displaced Persons Act of 1948, as amended, is amended to read as follows:

"(3) has assurances submitted in his behalf for admission to the United States for permanent residence with a father or mother by adoption, or for permanent residence with a near relative or with a person who is a citizen of the United States or an alien admitted to the United States for permanent residence, or is seeking to enter the United States to come to a public or private agency approved by the Commission, and such relative, person, or agency gives assurances, satisfactory to the Commission, that adoption or guardianship proceedings will be initiated with respect to such alien;"

SEC. 3. Section 5 of the Displaced Persons Act of 1948, as amended, is amended to read as follows:

"Sec. 5. Quota nationality for the purposes of this act shall be determined in accordance with the provisions of section 12 of the Immigration Act of 1924 (43 Stat. 160-161; 8 U. S. C. 212) and no eligible displaced person shall be issued an immigration visa if he is known or believed by the consular officer to be subject to exclusion from the United States under any provision of the immigration laws, with the exception of the contract labor clause of section 3 of the Immigration Act of February 5, 1917, as amended (39 Stat. 875-878; 8 U. S. C. 136), and that part of the said act which excludes from the United States persons whose ticket or passage is paid by another or by any corporation, association, society, municipality, or foreign government, either directly or indirectly; and all eligible displaced persons, eligible displaced orphans and orphans under section 2 (f) shall be exempt from paying visa fees and head taxes."

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. KELLEY of Pennsylvania, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 3576) to amend the Displaced Persons Act of 1948, as amended, pursuant to House Resolution 207, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. RANKIN. Mr. Speaker, I am going to be compelled to demand a roll call on this bill. I understand there is an agreement that if a roll call is demanded, the vote will be put over to Wednesday. I have no objection to that, but if we are to vote on the bill now, I am going to have to force a roll call.

Mr. McCORMACK. Mr. Speaker, in the light of the information given to the House by the gentleman from Mississippi, and in accordance with the understanding that exists between the leadership, I ask unanimous consent that further consideration, and final action on this bill, be postponed to Wednesday next.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

#### POWERS OF APPOINTMENT BILL OF 1951

Mr. LYLE. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 206 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

*Resolved*, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 2084) relating to the treatment of powers of appointment for estate and gift tax purposes. That after general debate, which shall be confined to the bill and continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the bill shall be considered as having been read for amendment. No amendment shall be in order to said bill except amendments offered by the direction of the Committee on Ways and Means, and said amendments shall be in order, any rule of the House to the contrary notwithstanding. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. LYLE. Mr. Speaker, by direction of the Committee on Rules, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LYLE: Page 2, after the period in line 2, insert "Amendments offered by direction of the Committee on Ways and Means may be offered to any section of the bill at the conclusion of the general debate, but said amendments shall not be subject to amendment."

The amendment was agreed to.

Mr. LYLE. Mr. Speaker, this is a bill out of the Committee on Ways and Means. It is a technical bill and I am not in a position to discuss it with the House. Therefore, I yield 5 minutes to

the gentleman from Georgia [Mr. CAMP] to explain the bill.

**TREATMENT OF POWERS OF APPOINTMENT FOR ESTATE- AND GIFT-TAX PURPOSES**

Mr. CAMP. Mr. Speaker, H. R. 2084 amends sections 811 (f) and 1000 (c) of the Internal Revenue Code, the provisions of the Federal estate- and gift-tax statutes dealing with property over which an individual has a donated power of appointment, that is, a power of appointment derived from another person. Those provisions of the code were enacted as part of the Revenue Act of 1942, which was approved October 21, 1942.

The 1942 act made a complete change in the treatment of powers of appointment under the estate- and gift-tax laws. The amendments so enacted caused widespread dissatisfaction, and lawyers throughout the country who are familiar with the drafting of wills and trust instruments and the administration of decedents' estates complained to the Treasury Department and Members of Congress about their illogical and inequitable results and about the fact that many of their provisions are difficult to understand. Those lawyers have urged that the 1942 amendments be replaced by statutes which will produce more equitable results and which will be more easily understood by the average lawyer, banker, or property owner.

It is my understanding that representatives of the Treasury Department agree that the 1942 statutes now in force are unsatisfactory and should be replaced by simpler, more understandable statutes, which will eliminate some of their inequities and absurdities. It is my further understanding that the Treasury representatives would agree that the changes in the law which were made in 1942 probably will not produce revenue substantially greater than that which was produced by the statutes in force prior to 1942.

Congress has recognized that the 1942 statutes are not satisfactory and, with the approval of the Treasury Department, it has granted successive extensions of the effective date of those statutes as applied to unexercised powers created prior to the 1942 act and of the time allowed for releasing such powers without incurring liability for estate tax or gift tax. The latest extension was granted by House Joint Resolution 480, approved June 27, 1950, which extended the time to June 30, 1951. In its report on House Joint Resolution 480, this committee stated that in its opinion no further extension should be granted; that it was believed that the studies on the matter had been completed, and that the matter of revision of the statutes could be taken up by the committee at the appropriate time. In view of that statement, it is important that this bill be enacted promptly, in order that the statutory revision may become effective by June 30 of this year.

H. R. 2084 is designed to simplify the estate and gift tax statutes dealing with powers of appointment and to remove some of their inequities. The bill has been approved by a committee of the American Bar Association, which has worked on the question continuously

since shortly after the 1942 act was passed. That committee has considered the views of lawyers throughout the country and has held many conferences with representatives of the Treasury Department during the past 8 years in an effort to reach an agreement on a satisfactory substitute for the 1942 statutes. Although that committee was unable to reach a complete agreement with the Treasury Department, it has succeeded in reaching an agreement with the Treasury representatives on many provisions which are incorporated in the bill, and the bill contains provisions which were included, contrary to the wishes of some members of the American Bar Association, in an effort to meet the views of the Treasury Department. The bill has been approved also by a committee of the American Bankers Association, which has worked on the question for several years and has conferred with representatives of the Treasury Department.

A summary of the main provisions of the bill is set forth below. In this summary I shall refer to pre-1942 powers, meaning those created on or before October 21, 1942, and to future powers, meaning those created after that date.

**PRE-1942 POWERS**

H. R. 2084 would subject to estate tax in the State of a decedent property over which he has a power of appointment created on or before October 21, 1942, only if the power is a general power and is exercised by the decedent by will or by a deed of a testamentary character. The gift tax would apply on the exercise of such a power. A general power is defined as an unlimited, unrestricted power which is exercisable by the decedent in favor of himself, his estate, or his creditors. An unlimited, unrestricted power is one which the holder of the power, acting alone, can exercise as he sees fit, without having to answer to anyone else.

The bill provides that a power to consume, invade, or appropriate property for the benefit of the holder of the power which is limited by an ascertainable standard relating to the health, education, support, or maintenance of the holder shall not be deemed a general power of appointment. For example, a power to use principal of a trust fund in case of sickness or some other emergency would not be a general power, but a power to use principal for comfort or happiness would not be limited by an ascertainable standard and would be a general power.

The 1942 law now in force provides that the tax shall apply whether the power is exercised or not, and even though the power cannot be exercised so as to benefit the holder, if the power can be exercised in favor of persons who do not fall within certain exempt classes specified in the statute. However, the present law allows the holder of a pre-1942 power to release the power at any time prior to July 1, 1951, without incurring liability for gift tax or estate tax, and provides that the estate tax shall not apply if the holder dies before that date without exercising the power.

Prior to the 1942 act the estate-tax law did not apply to an unexercised

power of appointment, and prior to 1942 many people created powers of appointment in favor of others, relying on the fact that such a power would not cause the property to be taxed in the estate of the holder unless he should exercise the power and thus take command over the property. It would be objectionable retroactive taxation if the tax should be made to apply to unexercised powers created before the passage of the first statute which taxes unexercised powers.

Moreover, in many instances, the holder of the power dies without learning of its existence. Large property owners in cities throughout the country have their wills reviewed frequently by lawyers who are familiar with the taxing statutes and they usually know of the existence of any powers of appointment given to them. Since 1942, those having knowledge of the existence of general powers given to them prior to 1942 have followed the practice of cutting them down to exempt powers. However, many small property owners throughout the country do not have access to expert legal advice on such questions and they would be penalized unjustly if their estates should be made to bear a higher estate tax because of the retroactive application of the taxing statutes.

The present statute, as interpreted by the Treasury Department, allows holders of pre-1942 powers to cut them down to exempt powers prior to July 1, 1951, without incurring liability for estate tax or gift tax. Therefore, a statute which would tax unexercised powers created before 1942 cannot be regarded as a revenue measure. A provision taxing such powers would operate solely as a trap for the unwary and should not be included in the amending statute.

H. R. 2084 incorporates into the statute the provisions of the present estate and gift tax regulations permitting the release or cutting down of pre-1942 powers to exempt powers without liability for gift tax or estate tax.

**FUTURE POWERS**

The principal difference between the treatment of pre-1942 powers and future powers in H. R. 2084 is that in the case of a future power the estate tax would apply on the death of the holder of the power whether it is exercised or not, and the gift tax would apply on the release as well as the exercise of the power. As in the case of pre-1942 powers, the estate and gift taxes would apply only if the power is a general power as explained above.

The only justification for taxing as property of a decedent property over which he has an unexercised power of appointment received from someone else is that the power may be exercised so as to benefit the decedent, and accordingly may be regarded as equivalent to ownership of the property. If through the exercise of the power the decedent may not benefit himself or his estate, there is no justification for taxing the property as his, regardless of how broad the class of persons may be in whose favor the power may be exercised.

The present law taxes the power where it may be exercised by the holder either alone or in conjunction with any other



person. H. R. 2084 would apply the tax only where the power is exercisable by the holder alone. There may be justification for taxing in a decedent's estate property which the decedent himself transferred during lifetime reserving a power to alter, amend, or revoke with the consent of another person, because the decedent chose to create the power in that manner. However, where the holder of the power does not participate in its creation but derives it from someone else, the property should be treated as his property only if he has the unfettered right to exercise the power and if he is not required to obtain the consent of another person to its exercise.

The bill provides that the mere failure of the holder to exercise a power during the period allowed for its exercise, so that it expires or lapses during the life of the holder, shall not be treated as a transfer of the property. The present statutes, as construed by the Treasury Department, treat such failure to exercise the power as a transfer at the time the power lapses. For example, if a decedent by his will should give his widow the income for life from a trust fund and the power to withdraw \$5,000 a year from principal and the power over each year's \$5,000 would expire at the end of the year, the widow would not under H. R. 2084 be deemed to make a transfer of \$5,000 when she failed to exercise the power in any year. The estate tax would apply only to the amount over which the power existed after death. But under the Treasury Department's interpretation of the present statute, each year that she failed to exercise the power she would be regarded as making a gift of a remainder interest in \$5,000, and on her death, each year's \$5,000 would be taxable in her estate as if she had made a transfer of that amount reserving income to herself for life.

H. R. 2084 contains a provision, which I understand has the approval of the Treasury Department, that a disclaimer or renunciation of a power shall not be treated as a transfer of the property. The mere failure to exercise a power so that it lapses during the lifetime of the holder should be treated in the same way as a disclaimer or a renunciation.

The bill contains other provisions which I understand meet with the approval of the Treasury Department. Provision is made that if a power which is not otherwise taxable is exercised in such manner as to create another power which can result in continuing the property in trust during the lives of persons who were not born at the time the first power was created, the first power shall thereby become a taxable power and shall cause the property to be subject to estate tax or gift tax at the time it is exercised. Finally, the amendments are made effective as of the date of the enactment of the Revenue Act of 1942, so that they will apply to the estates of decedents dying after October 21, 1942, and to gifts made on or after January 1, 1943.

Mr. Speaker, this bill, as the gentleman has said, is a technical bill. It was introduced by me at the request of a committee appointed by the American Bar Association some 4 years ago to study

the effect upon the taxpayers of this country of an amendment to the gift and estate tax law which was passed by the Congress in 1942. This amendment which was passed in 1942 was too drastic. It was more drastic than the Committee on Ways and Means realized and immediately upon its passage we found we had upset estates which had been created even before income tax, estate or gift taxes had ever been adopted in this country. So in the 8 years which have intervened, each year we have passed a law extending the effective date of the act of 1942. The last extension was passed last year and terminates on June 30 of this year. In the meantime we have asked the Treasury staff, and this committee appointed by the American Bar Association to study the matter and make their recommendations. They have made their recommendations. This is the bill we have before us today. It provides definitions of powers of appointment and prescribes the various effects of certain classes of appointments, general appointments and special. This bill comes to you with almost unanimous approval of the Committee on Ways and Means.

The permanent solution which your committee has worked out for the powers of appointment problem has been attacked in a minority report signed by three members of the committee. Although this minority report agrees that the provisions of the 1942 amendments dealing with powers of appointment were too strict and should be liberalized, the report starts with an attack on all powers of appointment. It asserts that tax avoidance has been the chief factor in their increased use. The report attempts to support this position by a quotation from W. Barton Leach, professor of property law at the Harvard Law School. For this reason I would like to use Professor Leach's words in explaining that powers of appointment are not mere tax-avoidance schemes, but are a legitimate and intelligent method of property disposition which this Congress has no right to penalize. Professor Leach said in the Harvard Law Review for April 1939:

Powers, and particularly special powers, are efficient as devices for causing family funds to be devoted to the uses of the family in such a way that the more needy are provided for at the expense of the less needy. Where a man leaves a widow and children, or a daughter and grandchildren, a life estate with a special power of appointment enables him at once to preserve the fund from dissipation or loss and to cause the fund to be distributed among the remaindermen in accordance with the judgment of the life tenant exercised at her death on the basis of the needs then apparent. By the use of a power it is made possible to have the ultimate distribution governed wisely by the shifts of fortune of the family members that occur during the life of the life tenant, rather than predetermined in fixed shares as of the testator's death.

Moreover, although powers appear in many wills involving large estates, they are most needed and are becoming increasingly used in estates of moderate size. If the Federal estate tax is so expanded as to hit more powers of appointment in the expectation that this will merely be a further tax upon the very opulent, I predict that it will soon

be discovered that we have produced another instance of striking the lower- and middle-income groups with brickbats aimed at the rich. Take an example. If a man has a wife and four children and a million dollars to distribute among them, he can prudently create a life estate in the wife and a rigid remainder to the four children equally. Two hundred and fifty thousand dollars apiece is pretty certain to be adequate provision for each child; so the rigid remainder does no harm. But suppose his estate is \$100,000 or less. One-fourth of that amount will not be adequate to the needs of a crippled son or a daughter whose husband has proved worthless. In such a case it is of the greatest importance that the property should be allocated at the death of the mother to such children and in such proportions as need dictates. A power of appointment in the mother is absolutely vital—and a tax on special powers would penalize it handsomely.

I am confused as to what the minority report is driving at in its general attack on powers of appointment. It points out that a father may leave property in trust to pay the income to his son for life and to his grandchildren until 21 years after the son's death, and thus postpone a second estate tax for over a century. But that has nothing to do with this bill. It has always been possible under our estate tax, and it will continue to be possible whether or not this bill is enacted, because it is possible without the use of a power of appointment. Apparently the minority report objects to the same result being achieved through the use of a power of appointment. And apparently the minority report does not object to this same result being achieved even through the use of a power of appointment, provided the power is a power in the son to appoint among the grandchildren as he chooses. This type of special power is not taxed even under the 1942 amendments, and the minority report agrees that the 1942 amendments should be liberalized, and not made more strict. If it is the position of the minority report that such a power should be taxable if the son has the power to take the property for himself at any time during his own lifetime, then there is no disagreement with H. R. 2084 in this example with regard to future powers, because this bill would levy an estate tax at the death of the son holding such a power in the case of a power created after 1942.

The minority report charges that H. R. 2084 would "restore" or "reinstate" a loophole closed by the 1942 act, since the bill provides that a general power of appointment created before the 1942 act shall not be subject to estate tax unless it is exercised. In fact, the distinction between powers of appointment created prior to the Revenue Act of 1942 and powers created since that date has been in our estate tax law continuously since 1942. The Revenue Act of 1942 itself provided that a general power created on or before October 21, 1942, could be released before January 1, 1943, without estate or gift tax, and that if the holder of such a power died before January 1, 1943, without exercising the power there would be no estate tax. Since the Revenue Act of 1942, Congress has extended that distinction between preexisting powers and future powers on 10 different



occasions, so that no decedent dying before July 1 of this year will be subject to estate tax by reason of holding an unexercised general power of appointment at his death if that power was created on or before October 21, 1942. Therefore it is not correct to say that H. R. 2084 would "restore" or "reinstate" a distinction in favor of preexisting, unexercised general powers. That distinction is in our estate tax law today. H. R. 2084 would make the distinction a permanent provision of the estate tax.

Congress has long recognized the need for making a distinction between a general power of appointment created before the 1942 act, with the expectation that there would be no estate tax on the holder of the power unless he exercised it, and a general power created after the 1942 act in the knowledge that such powers are taxable to the donee whether or not exercised. If it were not for the fact that Congress felt that a problem existed with respect to these preexisting powers, it would not have been necessary to defer application of the 1942 legislation to them for 9 years. Your committee's reports during this period have specifically stated that the extensions were necessary because of the need for additional time to study possible changes in the 1942 legislation, particularly in connection with preexisting powers. Now your committee has reached the conclusion that tax-free release of these old general powers need no longer be permitted after the end of June of this year, but that, if they are retained, their holders should not be subjected to estate tax unless they exercise the powers.

The reasons for this treatment of preexisting general powers in your committee's bill are very simple. Since the holders of these powers have been free to release them since 1942 without subjecting themselves to estate or gift tax, and since they are still free to release them tax-free before July of this year, a decision by Congress to subject them to estate tax after July, whether exercised or not, would merely mean that practically all the persons who hold these old general powers, and know that they hold them, would release them tax-free before July 1. The result would be that Congress would be placed in the position of levying an estate tax with the full knowledge that persons with competent tax counsel would avoid it and that only the uninformed would pay. For example an unlimited power to invade has never been considered a power of appointment under the usual concepts of property law, yet it is considered a general power of appointment for estate tax purposes. We would be taxing the holders of these old powers to invade, who do not even realize that they have powers of appointment because they do not realize there is a difference between the property law definition of a power of appointment and the broader definition under our estate tax law. Your committee does not believe that a tax law should be framed to catch the ignorant with the full knowledge that the tax-conscious will not be affected.

The minority report objects to the definition of taxable future powers in H. R. 2084, and it cites four estate-tax cases under the pre-1942 law which it says were lost by the Government under the same definition of taxable powers which is proposed in this bill. In the first place, the Government won one of the four cases cited—the case of *Kendrick v. Commissioner* (34 B. T. A. 1040). Two of the remaining cases do not illustrate results which would obtain under H. R. 2084, with your committee's amendments to the bill, because they were based on different definitions of taxable powers. The case of *Hepburn v. Commissioner* (37 B. T. A. 459) is cited in the minority report as an example of a power which was held not to be a general power in 1938 because it could be exercised only with the approval of disinterested trustees. Surely the writers of the minority report are aware that, under the committee's amendment to H. R. 2084, a future power of appointment held jointly with disinterested trustees is not exempted. The definition of taxable future powers in the amended bill specifically make such a joint power taxable if it can be exercised by the donee in his own favor, in favor of his creditors, in favor of his estate, or in favor of the creditors of his estate. The case of *Helmholz v. Commissioner* (28 B. T. A. 165) is cited as a case where it was held that a power was not a general power because it could not be exercised in favor of a business corporation. This is not a full explanation of the *Helmholz* case, since the Board of Tax Appeals also said that the exercise of the power was limited to persons other than the grantee. However, if the *Helmholz* decision by the Board of Tax Appeals was based solely on the fact that the grantee could not appoint to a business corporation, the opposite result would be reached under the definition of future taxable powers in H. R. 2084. This case was not decided, as the minority report states, under a definition of a general power in the regulations which is the same as the definition contained in H. R. 2084. The definition in the regulations to which the minority report refers was not adopted until 1937—4 years after the *Helmholz* case. Under your committee's bill a future power will be taxable as a general power if the holder may exercise it in his own favor or in favor of his estate or creditors, regardless of the fact that others, either individually or as a class, are excluded from the group of potential appointees.

The fourth case cited in the minority report as a horrible example, the case of *Leser v. Burnet* (46 F. (2d) 756), merely holds that in determining whether or not a power is exercisable in favor of the donee's creditors it is necessary to look to the applicable State law and determine whether, in fact, the power could be exercised in favor of creditors. This is certainly a sensible principle and would undoubtedly be followed by the courts in interpreting any powers-of-appointment statute Congress might enact. This does not mean that the language of a power must conform to what

the State defines as a general power. It merely means that, in applying the definition of a general power in the Federal statute, it is necessary to determine the practical effect under State law of the particular language used in creating the power.

Instead of defining a taxable power of appointment as a power which is exercisable in favor of the individual possessing the power, his estate, his creditors, or the creditors of his estate, the minority report suggests broadening the definition to include any power to appoint which is not limited to a restricted class. Your committee gave full consideration to this proposal and rejected it as impractical. We were not able to find anyone who could tell us what was meant by a restricted class. And, incidentally, the minority report does not attempt to define the term. It was the feeling of your committee that it would be undesirable to insert an undefined term like restricted class in the estate-tax law with no clear idea as to what it means. Use of such a term would be an invitation to years of costly litigation while the courts guessed at what Congress might have meant by it. As far as making the estate tax more strict, this suggestion in the minority report would have very little significance, since, under any conceivable definition of the term "restricted class," the exempt class would include practically anyone the grantor of the power would normally be interested in including in the class of potential appointees.

The only other specific objection the minority report makes to the treatment of future powers of appointment under H. R. 2084 is that the bill does not levy an estate or gift tax on the holder of a power of appointment where the power expires or lapses during his lifetime. In other words, the minority report objects because the bill does not require a person to pay a gift tax on property when he loses a power over it. For example, if A has a general power of appointment over the remainder interest in property during the life of B, the income beneficiary, the minority report would argue that, if B dies before A has exercised his power, then A has made a gift of the property. In such a case the property goes to the persons the grantor of the power has designated, not to persons A has picked, and the power has lapsed because of B's death, not because of any act on the part of A. Your committee could not see any logic to the contention that the lapse of the power in such a case should be deemed to be a taxable gift by A.

The case of the lapse of a power arises most frequently where a widow is given a life interest in the income from her husband's property and is also given a power to take as much as \$5,000, for example, from the corpus of her husband's estate in any year in which she considers this necessary. If the widow does, in fact, draw down \$5,000 of the corpus each year and keep it until her death or give it away, she is, of course, subject to estate or gift tax on such amounts. However, if she does not exercise her right to invade the corpus of



her husband's estate, the minority report would argue that she has made a gift of \$5,000 each year. Furthermore, even though the annual amount is small, it is not saved from gift tax by the \$3,000 annual exclusion per donee, because the gift tax does not provide any exclusion for gifts of future interests, no matter how small. And, as if this were not enough, under the position taken in the minority report, the widow's estate would also be subject to estate tax on each \$5,000 annual amount which she failed to take during her lifetime—on the reasoning that, by not taking the money, she made a gift intended to take effect at her death. Your committee could not countenance these weird results which follow from adopting the far-fetched interpretation that a lapse of a power is a gift by the person who held the power. Therefore, we have provided that a mere lapse of a power of appointment during life is not an exercise of the power.

Mr. BROWN of Ohio. Mr. Speaker, I yield myself such time as I may require.

Mr. Speaker, the gentleman from Georgia, I believe, has explained the content and purpose of the bill, which is made in order by this rule, to the satisfaction of the House. The bill was reported by the practically unanimous vote of members of the Committee on Ways and Means, as only three members signed the minority report and when the measure was presented to the Committee on Rules and a request made for a rule, the rule was granted by the unanimous vote of the Committee on Rules. It appears to me this is very badly needed remedial legislation, which has been well drawn by the great Committee on Ways and Means after a long period of careful study and consideration. The rule should be adopted and the bill should be passed.

Mr. Speaker, I have no further requests for time on this side.

Mr. LYLE. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania [Mr. EBERHARTER].

Mr. EBERHARTER. Mr. Speaker, I do not agree with what the gentleman from Ohio said with respect to the adoption of the measure which will be debated. Of course, I have no intention of trying to defeat the rule, but I certainly think there are some valid objections to the bill as reported out by the committee. The minority report has been prepared and printed and the measure is of great importance, I think, to a very small segment of the taxpaying public of this country in that it will be a windfall for those people in the matter of taxes and will indirectly affect every other person in the country who has to pay taxes because the tax burden will not be evenly distributed if this measure becomes law.

Mr. BROWN of Ohio. Mr. Speaker, will the gentleman yield?

Mr. EBERHARTER. I yield.

Mr. BROWN of Ohio. I believe the gentleman from Ohio has stated the fact correctly when he stated that the minority members of the Committee on Ways and Means were unanimous in support of this bill and when he stated the fact that the Committee on Rules

was unanimous in reporting the rule. Of course, the value or lack of value in the bill itself is a matter of opinion.

Mr. EBERHARTER. I just wanted to make my position clear.

Mr. BROWN of Ohio. We understand the gentleman's position, because he was one of three members of the Ways and Means Committee who signed a minority report.

The SPEAKER. The time of the gentleman has expired.

Mr. LYLE. Mr. Speaker, I move the previous question.

The previous question was ordered.

The resolution was agreed to.

Mr. DOUGHTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 2084) relating to the treatment of powers of appointment for estate and gift tax purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 2084, with Mr. LANHAM in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. DOUGHTON. Mr. Chairman, this bill, H. R. 2084, represents an earnest effort on the part of the Committee on Ways and Means to deal with, solve, and dispose of finally a very perplexing problem.

As was stated by the distinguished gentleman from Georgia [Mr. CAMP], author of the bill, this question has been before our committee several times each year for about 10 years. We were unable to arrive at anything in the way of legislation for more than temporary action because we were awaiting a study and report by the American Bar Association. That report has now been received. The Ways and Means Committee has received all the information that is necessary to pass on it intelligently and, I hope, to reach a satisfactory conclusion. It is true that this bill does not have the unanimous report of the Committee on Ways and Means, but it does have the support of a considerable majority. As far as I know, there are only three or four members of the committee who are not in sympathy with it and do not favor the enactment of this legislation.

I feel that it has been given careful study. The committee has been looking into it carefully and I am satisfied, if it is enacted into law, it will solve and dispose of a problem which has been giving us so much concern over a number of years. I am supporting the bill because I believe it is necessary, important, and desirable legislation.

Mr. Chairman, I now yield 20 minutes to the gentleman from Georgia [Mr. CAMP], author of the bill.

Mr. CAMP. Mr. Chairman, as I stated when I addressed the House during the consideration of the rule, this bill is recommended by the tax committee of the American Bar Association. Also, they have consulted with the legal staff of the Treasury Department. The staff representing the Treasury and the

committee representing the Bar Association have agreed on every point in the bill except one. You will notice in the report that there are several committee amendments. Those committee amendments were recommended by the Treasury staff and agreed to by the Bar Association staff and committee. There was only one point upon which they did not agree.

As I also told you before, this bill relates to the law on gift taxes and estate taxes as it applies to what are known as powers of appointments in deeds or wills. This bill more clearly defines powers of appointment; it more clearly defines general powers of appointment and the various special powers.

The reason this is needed was because in communities all over the United States in many of which there was no high-powered technical special tax lawyer, and old-fashioned good lawyers had not kept up particularly with the various laws we had passed and changes in laws affecting technicalities of estate and gift taxation, this was to fix it up so they could look at it and at a glance know what they were doing.

I wish to take up this one point in which three or four members of the committee did not agree with us and in which the Treasury staff did not agree with us. Let us take a power of appointment which allows a widow or some person to encroach upon the corpus of an estate, that is, spend a part of the principal of the estate; and I will illustrate: Suppose that one particular citizen who has an estate of three or four hundred thousand dollars, who has a large family, and who has some misgiving in his mind as to whether or not his wife could manage his estate; so he makes a will and gives his wife for her lifetime the entire income from his estate, with the property at her death to go to his children; suppose he makes a condition in his power of appointment to her that she may encroach upon the corpus of that estate as much as \$10,000 in any year. He hesitates to say she must spend that \$10,000 for clothing, or food; maybe he wants her to use it if she thinks she needs it for any purpose, and therefore he just leaves it blank, but just says she may in any year encroach to the extent of \$10,000. Maybe he had in mind that we might have a depression, and that his estate, being invested in corporation stock, might produce no income, so he provided this way for her to have an income; maybe that is what he had in his mind, so he gives her the right to draw on the estate to the extent of \$10,000 a year in any year. Suppose she lives 15 years after his death, but during that time lived frugally and did not touch a penny of the principal of the estate. Under the law as it exists at the present time, unless we pass this bill, if she should die and not take a cent of that money, the Bureau of Internal Revenue could come in and say: "Oh, yes, you had the right to get it," and they could take that 15 years times \$10,000—that is \$150,000—and add it to her estate and make her estate pay estate taxes on it, yet she had never gotten a penny of it. We have many cases like that. It has never been the intention,

I contend, and as the great majority of our committee contends, to tax that kind of a proposition. That is why we want to cure this.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. CAMP. I yield to the gentleman from Michigan.

Mr. DONDERO. On what theory is that basis sustained that they charge that up to her estate, although she never received a dollar of it?

Mr. CAMP. On the theory she had the right to it, therefore it was a power of appointment to herself—on the theory you have to tax an estate through every hand it passes.

Mr. DONDERO. If that theory were sustained a person could be taxed for that which he never received?

Mr. CAMP. That is exactly the point, and that is why this bill is here.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. CAMP. I yield to the gentleman from Michigan.

Mr. CRAWFORD. Taking the case the gentleman has cited, at the time the husband makes the transfer it was within his estate?

Mr. CAMP. Yes; and it was taxed.

Mr. CRAWFORD. It was taxed?

Mr. CAMP. Through his estate.

Mr. CRAWFORD. Through his estate?

Mr. CAMP. Yes.

Mr. CRAWFORD. Then at the time of the mother's death this is somewhat recaptured so far as the theory of the law is concerned?

Mr. CAMP. It will be taxed again.

Mr. CRAWFORD. Thrown in as a part of her estate. It pays a double inheritance tax as far as the estate is concerned?

Mr. CAMP. That is the way I see it, and that is the way the majority of our committee sees it.

The gentlemen who are opposing this contend that this makes a loophole. They contend that an estate has passed through her hands for 15 years and should be taxed again. I say to you that her living 15 years has kept the property out of the hands of the remaindermen, for 15 years and they will hold the property just that much shorter, and that the property can then be taxed again under the Federal estate tax.

Mr. DONDERO. Does this not result in one thing—that is, putting a penalty on frugality?

Mr. CAMP. That is true, it simply puts a penalty on frugality.

Mr. Chairman, I do not think I should argue this point any further. The committee has almost unanimously agreed to this bill. It is the solution and the clarification necessary to the power of appointment provisions of the Revenue Act of 1942. If there are any questions, I will try to answer them to the best of my ability.

Mr. JOHNSON. Mr. Chairman, will the gentleman yield?

Mr. CAMP. I yield to the gentleman from California.

Mr. JOHNSON. How did this situation arise so that it required the correction of the Congress? Was it because the internal revenue people began tax-

ing this potential right of the woman to take this money?

Mr. CAMP. It is because in the act of 1942 these powers of appointment were not clearly defined. These are what they call invasion powers under which the holders of the powers can encroach on the estate. The definition as given by the Treasury would have taxed these people. We never allowed that to go into effect, however, as I believe our Chairman [Mr. DOUGHTON] has explained. We immediately postponed the operative date of the law during these 8 years to give people a chance to change their wills and to clarify the status of these estates. Now this bill will completely clarify the law along the line which the Committee on Ways and Means believes to be necessary. It should be enacted without delay.

Mr. REED of New York. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, the gentlemen who have already spoken, and the gentleman from Georgia [Mr. CAMP] especially, have explained this bill so thoroughly and answered questions with such clarity that there is not very much one can say now in greater support of the bill. We are dealing with one of the most vital subjects in the realm of property that we have. Men work, struggle, and sacrifice for what? Well, usually they have some loved ones, his family, and perhaps there is a bequest to take care of his relatives and friends, and perhaps others who had been retainers of his or who have performed some great service, or to educate some people. I have tried to explain this legislation as clearly as I could, and I do not know as I can add very much to what has already been said.

Mr. Chairman, the purpose of H. R. 2084 is to bring clarity, simplicity, and equity out of the confused and irrational tax treatment presently accorded powers of appointment under our Federal estate-tax laws. This remedial and corrective legislation which involves no revenue loss is long overdue and I am pleased to join with my distinguished colleague the gentleman from Georgia [Mr. CAMP] in urging that H. R. 2084 be enacted by the Congress with all possible dispatch.

The need for this legislation arises as the result of the unsatisfactory amendments relating to the taxation of powers of appointment by the Revenue Act of 1942. For 25 years prior to this act only an exercised general power of appointment was subject to the Federal estate tax. If the power of appointment was a special power, that is a power to appoint or dispose of property only among a limited class of persons, then the property subject to this limited or special power was not taxable. Let me pause at this point to explain in lay language what we mean by a power of appointment. A power of appointment is the legal terminology for a power or right given to a person by someone else to dispose of property either by will or by an inter vivos transfer. For example, a husband may by his will leave his property to his wife in trust for her life and at the same time provide in his will that she shall have a power to designate to whom

the property shall go upon her death. In this case the wife is said to have a power of appointment because she can appoint or designate the person or persons to whom the property shall go on her death. In the case I have cited the wife is known as the donee of the power of appointment and it is always the donee's death that raises the question of whether another estate tax will be imposed upon the same property in the donee's estate. It should be borne in mind, of course, that the property subject to the power of appointment in the donee's estate has already been taxed once in the husband's estate, and this legislation deals only with the question of the circumstances under which the property will be taxed again in the donee's estate.

As I stated, for 25 years the only type of power of appointment which was taxed in the donee's estate was a general power, that is a power to select or appoint the property to anyone. In addition the donee of the power had to actually exercise this power and the property had to pass as the result of the exercise of the power. A power in the donee to appoint to only a limited class of people was never taxed in the donee's estate whether or not the power was exercised.

The 1942 Revenue Act changed the entire concept of taxing property subject to powers of appointment and as the result of this act and as the result of subsequent Treasury regulations, this field of taxation was thrown into a chaotic and wholly unsatisfactory state. Briefly stated, the 1942 act which applied to both powers already in existence as well as to future powers—that is, powers created after the passage of the act—made taxable a power of appointment whether it was general or special and whether it was exercised or not and without regard to any questions of whether the property passed as the result of the exercise of the power. The 1942 act provided that if a decedent "has at the time of his death a power of appointment," the property is taxable in his estate and the term "power of appointment" includes all powers except two: First, power to appoint among a class of persons which includes no one but the decedent's spouse, the spouse of the creator of the power, descendants of the decedent or his spouse, descendants of the creator of the power or his spouse, spouses of such descendants and charities; and, second, powers to appoint among a restricted class by a person who has no other interest in the property.

The first exception permits only powers of appointment within the family to be excluded from the estate tax and the second of the exceptions applies to what is commonly known as fiduciary powers. Unless the power of appointment is within these two classes the property is subject to another estate tax in the donee's estate. Moreover, not only did the 1942 act itself change the type of power of appointment which was subject to the estate tax but under subsequent Treasury regulations many ordinary powers of trustees were, or might be, construed to be powers of appointment subject to another estate tax con-



trary to the understanding of the entire legal profession for many years. Because the 1942 amendments were clearly inequitable the Congress has provided each year since that time for the tax-free release of powers of appointment created on or before October 21, 1942, the effective date of the Revenue Act of 1942. This was done in order to permit holders of previously created powers to adjust their affairs in the light of the 1942 act.

H. R. 2084 is not however an extension of time under which holders of pre-1942 powers may release them without incurring any tax liability, but it is at long last a solution to this problem. The bill is divided into two parts. The first part in effect restores the law as it existed prior to the 1942 act for those powers which were created on or before October 21, 1942. In other words, as to those powers which were created prior to the Revenue Act of 1942 only the exercise of a general power of appointment will be subject to tax. The second part of the bill deals with powers created after the passage of the 1942 act. As to these powers the bill subjects to estate tax a general power of appointment whether or not the power is exercised and subjects to gift tax the exercise or release of such power. The bill defines a general power of appointment as a power which is exercisable in favor of the decedent, his estate, his creditors, or creditors of his estate. This includes a general beneficial power to appoint by will and also certain rights in the donee to consume principal.

The committee's amendment to the definition of a general power retains the provision of the bill that a power must be exercisable in favor of the decedent, his estate, his creditors, or the creditors of his estate to be a general power. While the words "unlimited, unrestricted" have been eliminated from the definition by the committee amendment, the definition provides that, if certain limitations or restrictions are present, a power is not a general power even though exercisable by the decedent in his own favor. A power to consume principal which is limited by an ascertainable standard relating to the holder's health, education, support, or maintenance is not considered a general power. In the case of powers created on or before October 21, 1942, a power is not considered a general power if it is a joint power; that is not exercisable by the holder except with the consent or joinder of another person or persons.

A full discussion of the specific provisions of this remedial legislation is contained in the committee report. I do not feel therefore it is necessary for me to elaborate further. The basic objective of this legislation is to make the tax laws applicable to powers of appointment as clear cut and equitable as possible. H. R. 2084 achieves this objective.

Mr. DOUGHTON. Mr. Chairman, I yield 20 minutes to the gentleman from Pennsylvania [Mr. EBERHARTER].

Mr. EBERHARTER. Mr. Chairman, I hope the Members do not get the impression that this is merely a matter of simplification of the estate laws. It is a very complicated matter which is quite diffi-

cult to understand. I might also say at the outset I am certain there are some members of the minority who do not approve of all of the portions of the bill as presented to the House.

Mr. BYRNES of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. EBERHARTER. I yield.

Mr. BYRNES of Wisconsin. Because there apparently is some little confusion on the subject, I would like to state that as one of the members of the minority I do not agree wholeheartedly with the bill as presented or as reported, although I do want to say I do think something should be done and done soon by the committee to clarify the indefiniteness of the present status of these powers of appointment. I do not agree with the solution of this question as presented to the House.

Mr. EBERHARTER. I thank the gentleman from Wisconsin.

Mr. Chairman, because the matter is rather complicated and because I want to be very careful in making any statement regarding the effect of the bill, and being fortified also after listening to the statements already made in support of the bill, which I do not believe to be accurate, I have a prepared statement. I am sure nobody can take any exception to the technical aspects and to the effects of this measure as I will now present them to you.

Mr. Chairman, I rise in opposition to the bill. Much as I regret having to disagree with the gentlemen from Georgia, I am unable to support a measure which reopens a monstrous loophole in the estate tax law. That should be the title of this bill: "A bill to reopen a loophole."

Any Member of the House who votes for this bill will be voting in favor of tax exemption for the very wealthy. No ordinary citizen, no laboring or professional man, no person with a fortune of less than \$120,000 will receive any benefit from this bill. The benefits will go solely to a few thousand very wealthy families.

This bill is being offered at a time when we know that many billions of new taxes are necessary. We are going to have to take a heavier toll upon the pay envelope of the wage earner and upon the interest coupon of the widow. Certainly, this is no time to approve any new tax exemption for the wealthy. I hope there is a roll call vote on this bill so that every citizen who has to pay higher taxes this year will know how his Congressman voted on this outrageous measure.

The committee report says that this bill simplifies the tax treatment of powers of appointment. Exemptions always simplify. What this bill does in fact is to exempt many powers of appointment from tax, encourage tax avoidance, and reopen a loophole which Congress closed in 1942.

Let me explain that a power of appointment is a right to designate the persons who shall take property. Ordinarily, where a person is given a power of appointment over property, he is also given the income from the property. A typical example of a power of appointment is the case where a father leaves a million dollars in trust to his son for

life—that is, leaves property in trust so that his son shall have the right to the income for life—and also provides that at the son's death the property shall go to whomever the son designates in his will. This is in substance the equivalent of total ownership.

In 1942 Congress amended the estate tax law to treat the holder of a power of appointment as though he were the owner of the property. Those who saw their favorite loophole being closed pictured the 1942 amendments as a radical innovation. Actually, however, this was not true, for about 25 of the States, beginning with New York in 1897, had taxed property upon the death of the holder of a power of appointment.

When we change the tax laws, as we did in 1942, we usually make the change immediately effective. However, influential tax lawyers and their rich clients were able to prevent the 1942 changes from becoming immediately effective. They were able to get a grace period in which to dodge the tax collector. They have now had 9 years in which to dodge. However, this unprecedented tax relief has only made them more greedy. They are now using the grace period, which they were influential in obtaining, as an argument for reopening the pre-1942 loophole. In effect, they are now saying that so many of them have now dodged the tax collector that it is now unfair to tax those who have not dodged.

Mr. Chairman, I wish it were possible to go back and tax those who have been able to escape taxes since 1942 by giving up their powers of appointment. I wish it were possible to go back and make the 1942 amendments immediately effective. But I am not willing to agree that, merely because we have been tardy in putting a reform into effect, we should now scrap the reform entirely.

There is absolutely no consideration of fairness which justifies the broad tax relief offered by this bill.

What we did in 1942 was to discard a ridiculous statute which treated two kinds of practical ownership differently for estate and gift tax purposes. One kind of ownership resulted in tax, while the other kind, which was equally valuable, escaped tax. The 1942 amendment provided, in effect, that if a person wished to continue to enjoy the blessing of practical ownership he would have to pay tax. On the other hand, if a person wished to escape tax, he would have to give up his practical ownership within the grace period which was allowed. Many persons have already made their choice. Those who support this bill want to have their cake and to eat it; they want to hold on to the blessing of practical ownership and, at the same time, escape the burden of taxation. To give them this double benefit would be a serious breach of faith with the greater number who, taking Congress at its word in 1942, have already made their choice and given up their valuable powers of appointment.

It is claimed that the 1942 amendments were retroactive in effect. On the contrary, their effect has been postponed for 9 years. A less retroactive statute could hardly be imagined.

It is asserted that the pre-1942 loophole should be reopened because it is impracticable to review the wills and trust agreements which were already in force in 1942. However, as I have noted, this legislation affects only a few thousand of the wealthiest families. The wills and trust agreements of this same group of families had to be thoroughly reviewed in 1948 in connection with the \$250,000,000 estate-splitting melon which the 1948 Revenue Act distributed among them. Although the 1948 will-drafting job was much more difficult than anything which will have to be done in connection with powers of appointment, no complaint was then registered. Apparently the task is less distasteful where a multi-million-dollar melon is being split than where a loophole is being closed.

I hope that each Member will carefully examine the minority report before he votes upon this bill. The example shown on page 7 of the minority report illustrates that, under this bill, powers of appointment might be used to exempt a large fortune from estate tax for about 100 years. The tax avoided by a single large estate might amount to millions of dollars.

Last year the Secretary of the Treasury told the Ways and Means Committee that about one-half of the property of wealthy families is being tied up in trust so that it will escape estate tax for perhaps a century. He recommended that legislation be adopted to close this loophole. Instead of closing the loophole, this bill opens it wider. In closing, let me repeat that no Member should vote for this bill to restore a tax exemption for the wealthy unless he is prepared to explain that action to the vast group of wage earners and other citizens who are being asked to shoulder heavier tax burdens at this time.

One final point, Mr. Chairman—I have been a member of the Committee on Ways and Means for nearly 8 years. During that time hearings have been held on many tax proposals pending before the committee. At many of these hearings there have been representatives of the section of taxation of the American Bar Association.

The testimony given by the representatives of the Bar Association has been singularly uniform in one important respect. Unlike representatives of other organizations appearing before the Committee on Ways and Means, most of whom at some time or other recommend something in the best interest of all people of the country, I challenge anyone to give me an instance in which the American Bar Association has ever made a recommendation in the field of Federal taxation that was of general application and benefit to any substantial number of the American public.

On the contrary, the recommendations at the public hearings and the legislation sponsored by the American Bar Association, of which H. R. 2084 is a typical example, invariably seek some tax relief or special privilege for a very limited group of taxpayers.

Indeed the performance has been so consistent in tone as to suggest that the name of the American Bar Association may actually have been used to

further the best interest of the clients of the attorneys who represent the American Bar Association on tax matters.

Mr. Chairman, attorneys are officers of the court and as such they have an obligation of public service. When the lawyer leaves the court room and seeks to make his will felt upon the legislative process, it would seem not too unreasonable to expect him occasionally to demonstrate his interest in the public welfare and not exclusively on behalf of the clients whom he happens to have on retainers. I think it is high time that the tax section of the American Bar Association awaken to the manner in which the name of the American Bar Association, an organization ostensibly dedicated to advancement of the public good, is being exploited for private interest.

The American Bar Association has both the opportunity and the obligation of public service in the field of Federal taxation and now it is time that it started living up to its challenge.

On this point allow me to quote an eminent member of the bar, Dean Erwin N. Griswold, of the Harvard Law School, who in a speech to the tax section of the American Bar Association on September 18, 1950, said in part:

I do not for the moment mean that the tax lawyer should not work for his client, help him minimize his taxes, and fight hard for him when necessary. . . . What I am saying is that I hope that tax lawyers will keep their perspective. They should sell their services to their clients. I hope they do, but not their souls.

. . . The tax section has a great public responsibility which it is not yet fully meeting. In times when taxes must be high, it is most important that they should be fair and nondiscriminatory, that they should not be full of loopholes and special privileges. Yet right now, in the midst of a real shooting war, we are apparently about to enact a new tax law which contains some gross, almost crude, inequities. Where has the voice of the tax section been on these matters?

Mr. Chairman, this House should not encourage the tax lawyers in their present practices by enactment of H. R. 2084. The bill should be defeated.

Mr. BYRNE of New York. Mr. Chairman, will the gentleman yield?

Mr. EBERHARTER. I yield to the gentleman from New York.

Mr. BYRNE of New York. Did the Treasury Department file a written report on this proposed amendment?

Mr. EBERHARTER. As indicated in my talk, I may say to the gentleman from New York [Mr. BYRNE], this matter has been before the committee every year for 9 years. We have never been able to arrive at any conclusion. But finally after discussing it a couple of days somebody made a motion and the recommendation of the American Bar Association was adopted. The Treasury Department is opposed to it. They did not file any written letter against the proposal, but I know that they are opposed to the measure in its present form.

Mr. CAMP. Mr. Chairman, will the gentleman yield?

Mr. EBERHARTER. I yield to the gentleman from Georgia.

Mr. CAMP. Does the gentleman know that the Treasury Department staff agreed with the American Bar Association in each and every point in this bill except the one point and that was the one regarding invasion of trust?

Mr. EBERHARTER. No, sir. The gentleman is confused about another measure that was being discussed at about that time. The Treasury Department is certainly definitely opposed to widening what should be a general trust, the general power of appointment through a special power of appointment; in other words, you are going to call it a special power of appointment. It practically amounts to a general power of appointment. If a man is a great granddaddy at the age of 60, he can designate life estates to his son and to his grandson, with the trust resting finally in the great grandson and the son, the grandson and the great grandson will never pay any estate tax. The gentleman from Georgia cannot deny that.

Mr. CAMP. We have 3 or 4 committee amendments which we reached agreement on after conference between the Treasury staff and the committee.

Mr. EBERHARTER. There may be agreement on some features of the bill.

Mr. CAMP. That is what I am asking the gentleman.

Mr. EBERHARTER. As the gentleman from New York [Mr. BYRNE] said, we cannot go along with that portion of the bill. I take it he means the section creating new loopholes for trusts if this bill becomes law.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. EBERHARTER. If the gentleman will permit me to make this statement, every tax lawyer in the country would immediately advise his client, having a considerable net worth after payment of all expenses and all taxes and all State taxes and everything else, to draw up one of these trust agreements and he would never have to pay any taxes for many, many a generation. That is the effect of this bill. I do not think the gentleman from Georgia appreciates that. He does not want that to happen. If I give away something and give them a right to do with it what they want, is that not the same practically as ownership of the property?

Mr. CAMP. Mr. Chairman, will the gentleman yield?

Mr. EBERHARTER. I yield to the gentleman from Georgia.

Mr. CAMP. The gentleman says this opens loopholes. Why the act of 1942 has never yet taken any effect. We have kept it from taking effect every year, as temporary legislation.

Mr. EBERHARTER. That is right.

Mr. CAMP. This is not opening any loopholes at all; it is not opening anything.

Mr. EBERHARTER. The House passed this bill in 1942 closing this outrageous loophole and making it immediately effective. The committee on the other side reported it out in that form but on the floor of the other body an



amendment was offered to give them a grace period of 2 months. Now, for 9 years we have been allowing them to get away with this outrageous loophole whereby anybody that has a large net worth was putting it in a trust so that they would not have to pay estate taxes, so the net result is that the ordinary businessman and the working man and woman would have his personal-income taxes raised, and the wealthy would not have to pay as much in estate taxes.

Mr. DOUGHTON. Mr. Chairman, will the gentleman yield?

Mr. EBERHARTER. I yield to the gentleman from North Carolina.

Mr. DOUGHTON. Was not that very argument that the gentleman is now using, the very criticism he is now making and the very objections he is now raising considered by our committee at length, and after due consideration of all the criticism and objections, after full and lengthy discussion, they were voted down by a majority of our committee?

Mr. EBERHARTER. I will say to the gentleman from North Carolina he will remember that at the time the vote was taken there was a very small attendance at the committee meeting. There were quite a number of absentees when the vote was taken.

Mr. DOUGHTON. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. KEOGH].

Mr. KEOGH. Mr. Chairman, I trust the Committee will forgive me if I return momentarily to the pending bill which I support. I think the RECORD should be complete.

It has been my good fortune to have received at the hands of one of the most eminent members of the bar of the State of New York, William J. O'Shea, a memorandum which is intended to be a reply to the minority views filed in connection with the pending bill. I have read it carefully and have adopted those views as my own, as follows:

**A REPLY TO THE MINORITY REPORT ON H. R. 2084 RELATING TO POWERS OF APPOINTMENT**

The minority report makes the following main arguments against H. R. 2084:

First, the bill will encourage tax avoidance and cause serious loss in revenue; Second, the tax on pre-1942 powers should not be confined to those which are exercised;

Third, the tax on future powers should not be confined to general powers;

Fourth, the lapsing during lifetime of a power to invade principal should be treated as a taxable transfer.

The Treasury representatives urged also before the Ways and Means Committee that a power should be considered a taxable power if exercisable in conjunction with any other person. However, they are apparently satisfied with the amendment which was made in committee under which a power is taxable if it is exercisable by the holder either alone or in conjunction with a person not having a substantial adverse interest, but is exempt if exercisable by the holder only in conjunction with a person having a substantial adverse interest.

I shall comment on the minority views in the above order.

**1. THE EFFECT OF THE BILL ON THE REVENUE FROM ESTATE AND GIFT TAXES**

The fallacy of the argument of the minority is that it is made to appear that if certain powers of appointment are made taxable and others are made exempt, property owners will continue to create powers of the taxable character, thus producing more revenue. As lawyers can testify who have drafted many wills and trust instruments since the enactment of the 1942 act, property owners seldom create powers which would result in causing the property to be taxed in the estate of the donee. If certain powers are made taxable and others are exempted, property owners in the vast majority of cases will create only those which are exempt. If all powers are made taxable, they will discontinue the use of powers and will resort to rigid dispositions of property with life estates and fixed remainders. This is undesirable, as is so ably pointed out by Professor Leach in his dissent—Fifty-second Harvard Law Review, page 961, to an article by Professor Griswold, Fifty-second Harvard Law Review, page 929—urging the amendments which were enacted in 1942.

It is true, as the minority report says, that if property is left outright by each decedent, the estate tax will be greater than if each decedent leaves property in trust during the maximum permissible period. But that question is not related in any way to powers of appointment; it goes merely to the question whether the Federal estate tax should be abandoned and should be replaced by an inheritance tax patterned after the English system, which imposes a tax on property at the end of each generation of beneficial enjoyment. Such a tax was advocated by President Roosevelt around 1935 and was rejected by Congress.

The minority report, in its conclusion on page 8, makes an argument which is patently erroneous when it attempts to make it appear that recent amendments to the estate- and gift-tax laws have caused such a large loss in revenue that those taxes are no longer income-producing measures. Thus the statement is made that in 1939 and 1940 the yield of those taxes amounted to about 7 percent of the total internal revenue collections, while their current yield is little more than 1 percent. The truth is that the revenue from estate and gift taxes at the present time is at least as much and probably more than it was in 1939 and 1940. However, the total revenue from all sources in 1939 and 1940 was less than \$10,000,000,000, while today it is around \$50,000,000,000. What the report fails to say is that if the estate and gift taxes today should take 100 percent of all property given away during lifetime and all property left at death, the yield probably would be less than 7 percent of the total revenue yield. With the exception of the marital deduction provisions, enacted in 1948—which serve largely to postpone the tax—there has been no recent amendment to the estate- and gift-tax laws which has had any substantial adverse effect on the revenue from those taxes.

It is a recognized fact today that estate and gift taxes are not important revenue producers. They are looked upon by some as instrumentalities of social reform, useful for the purpose of breaking up large estates. On the other hand, advocates of sound revenue laws feel that their revenue yield is insufficient to justify their destructive effect and that they should be abandoned by the Federal Government.

**2. THE ARGUMENT AGAINST TAXING PRE-1942 GENERAL POWERS ONLY IF EXERCISED**

It is surprising that the Treasury representatives should return to the attack on the treatment of pre-1942 powers in H. R. 2084. They reported to Mr. Stam that they would abandon their objections to the treatment of those powers and would agree that such powers should be taxed only if exercised. Apparently they intended to indicate such agreement only if the bar association committee would agree to the Treasury proposals on other features of the bill.

The argument of the bar association committee against taxing unexercised pre-1942 powers is that when such powers were created the tax applied only where they were exercised, and that it would be unjust retroactive taxation to apply the tax where such powers are not exercised. The committee pointed out that those having knowledge of the existence of such powers could release them or cut them down to nongeneral powers, but that in many instances the donee of such a power dies without learning of its existence and that even where the donee knows of the existence of such power, if he does not have access to expert legal advice, he may not know that he can escape the tax by cutting down the power to an exempt power. Therefore, the committee said, the taxation of unexercised pre-1942 general powers would operate solely as a trap for the unwary. The committee pointed further to the difficulty of reviewing all wills and inter vivos trust instruments executed prior to 1942 in an effort to ascertain the existence of general powers.

The minority report attempts to refute this argument by pointing out that the Federal estate-tax law was first enacted in 1916, the tax was made to apply to property over which a decedent had a reserved power of appointment created prior to 1916. However, it is unsound to draw an analogy between a reserved power and a power derived from someone else. If a property owner has created a trust reserving to himself a power of revocation, he necessarily knows of the existence of the power, and the estate tax will apply at his death only if he chooses to retain the power. That is not always true of a donated power. Instances are frequently found where a donee of a power dies without learning that he has the power. Moreover, under the laws of some States, the right to release a donated power in whole or in part is open to question.

The minority report makes the further argument that it would be unfair to holders of pre-1942 powers who have already released them in whole or in part, if the statute is now changed so as to apply the tax only to an exercised pre-1942 power. It is doubtful that anyone

would have a right to complain of such change.

Those who have released or cut down pre-1942 powers have invariably done so pursuant to legal advice. In the case of each extension period allowed for releasing powers, lawyers have known that the period would not expire until a certain specified date. Before the expiration date, an extension has been granted. It has been the practice of all lawyers with whom I am familiar to point out to their clients that it is not necessary to make a decision on the release of a power until the expiration of the extension period. In my own experience, clients have said that they do not intend to exercise the power in favor of persons other than those within the exempt class of spouses, descendants, and charities, and that regardless of the extension period, they wished to proceed with a partial release. Others have executed complete or partial releases and have deposited them in escrow with their lawyers with instructions that they are to be delivered if no further extension is granted, but that they are to be retained if the grace period is extended. No one has a right to complain if he has taken a step which was unnecessary.

Moreover, the privilege of cutting down a general power to a nongeneral power during the extension period gives a positive advantage to the donee of the power. Under H. R. 2084, if the holder retains a general power, he may not exercise it without incurring tax. But if during the grace period he has cut down the power to a nongeneral power, H. R. 2084 makes it clear that he may proceed to exercise the power without incurring the tax. It is difficult to see how the new bill can be said to discriminate against those who have released pre-1942 powers.

### 3. THE OBJECTIONS TO THE TREATMENT OF FUTURE POWERS

The minority report objects strongly to the treatment of future powers in H. R. 2084. However, the report is careful to avoid stating what the differences are between H. R. 2084 and the Treasury proposals on the treatment of such powers. The differences are that H. R. 2084 would tax an exercised or unexercised power created after October 21, 1942, only if it is a beneficial power, that is, one which may be exercised in favor of the holder, his estate or his creditors; while the Treasury would tax an exercised or an unexercised power which is exercisable in favor of the holder, his creditors, or his estate or in favor of anyone falling outside of a restricted class, which is defined as a "class not unreasonably large."

The mere statement of the view that a power which may not benefit the holder should be considered a taxable power is its own refutation. The only justification for taxing in the estate of the donee property over which he has a power is that the power is so broad that it is equivalent to ownership of the property. Regardless of how broad the class of persons may be in whose favor a power may be exercised, if it may not be exercised so as to benefit the donee, there is no justification for treating the power as equivalent to ownership of the property.

Moreover, it will require years of litigation to determine what is a "restricted class" or a "class not unreasonably large." On the other hand, if the tax is confined to powers which are exercisable in favor of the holder, his estate, or his creditors, there can be no doubt about what powers are taxable and what are exempt.

The minority report attempts to muddy the water by pointing to decisions of the Board of Tax Appeals and lower courts under the pre-1942 law showing confusion on the definition of a general power. But even under the pre-1942 law, those decisions are no longer applicable, because it was held in *Morgan v. Commissioner* (309 U. S. 78 (1940)), that a power was a general power if it could be exercised in favor of the holder, his creditors, or his estate. Moreover, H. R. 2084 says in specific language that such powers are taxable.

Example 1 beginning at the bottom of page 5 of the minority report and statements in the last paragraph on page 7 make it appear that a power which may be exercised by a decedent in favor of anyone except his creditors would be an exempt power under H. R. 2084. This is not true. If the power may be exercised in favor of the decedent or his estate or his creditors, it is a taxable power; if it may not be so exercised, it is a nontaxable power, and no sound reason can be given why it should be considered a taxable power. The definition of a taxable power in H. R. 2084 is so plain that the efforts of the minority report to confuse the question cannot succeed.

### 4. THE TREATMENT OF A POWER TO INVADE PRINCIPAL WHICH LAPSES DURING LIFETIME

The minority report objects to the provisions of H. R. 2084 to the effect that if a power to invade or consume principal lapses during the lifetime of the holder, the mere failure to exercise the power is not to be considered a transfer of property for estate- and gift-tax purposes.

This provision is aimed at a situation where a husband, for example, leaves property in trust to pay income to his wife for life and gives the wife the noncumulative power to take \$5,000, or some other small amount, each year from principal. The Treasury Department takes the position under the present statute that each year that the wife fails to exercise her power to take \$5,000 from principal, she make a transfer of \$5,000 reserving income to herself for life. The result is that the gift tax applies each year to a remainder interest in \$5,000 which is a future interest to which the \$3,000 gift-tax exclusion is not applicable—and that on her death the estate tax will apply to \$5,000 multiplied by the number of years during which she has failed to exercise the power. It seems unjust to say that the gift and estate taxes should apply merely because the wife has chosen not to take an amount from principal and has permitted her power to lapse each year. Under H. R. 2084, if at the time of her death the wife has the right to take an amount from principal, the estate tax will apply to that amount; it is only the amount over which the power has lapsed during lifetime that the provision is applicable.

The minority report gives a few extreme examples of situations where this provision would deprive the Government of revenue to which it is entitled. The committee of the American Bar Association offered to compromise on this point by providing in the bill that the lapsing of a power during lifetime should not be considered a transfer if the power is limited to a small amount of say \$10,000 a year or to a specified percentage of the trust fund of say 10 percent.

It is significant to note that, as shown by the minority report, the Treasury Department does not contend that the estate tax should apply to any pre-1942 power except a general power and that the Treasury appears to be in agreement with the provisions of H. R. 2084 which make the amendments applicable to estates of all decedents dying after October 21, 1942.

Mr. SABATH. Mr. Chairman, will the gentleman yield?

Mr. KEOGH. I yield.

Mr. SABATH. Has the gentleman from New York made an inquiry from the Department of Internal Revenue as to whether they favor this bill? If he has, he would find that they are opposed to this bill.

Mr. KEOGH. Is the gentleman asking me or telling me what I have done?

Mr. SABATH. I am asking the gentleman.

Mr. KEOGH. That has been fully explained in the debate on the bill, but unfortunately we have got a little away from it at the moment.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. KEOGH. I yield.

Mr. COX. Has not the gentleman investigated sufficiently to state that the morals of the case are with the bill?

Mr. KEOGH. A vast majority of the committee felt so.

Mr. SABATH. In the gentleman's opinion.

Mr. REED of New York. Mr. Chairman, I yield myself such time as I may desire.

Mr. Chairman, I have just listened with astonishment to my colleague, the gentleman from Pennsylvania [Mr. EBERHARTER] who is a member, of course, of the bar, and I assume a distinguished member. He has attacked one of the most honorable professions of this country, the American Bar Association. They have studied this problem over a long period of time, and they are men of conspicuous ability and integrity, men who have been leaders in their profession throughout the years. The legal profession, when you get right down to the basic facts, is the one profession that has a stabilizing influence on the laws affecting the property of the people in this country. This is not a new kind of attack wherever the distribution of property is involved. You notice how frequently they bring in the question of labor and that this is a bill to help the rich. This is just a bill to do equal and equitable justice, and that is all. The Committee on Ways and Means is a committee that has been in operation now for many years. Without casting any reflection on any other committee of the



House, I know of no committee that devotes more time and looks deeper into all the intricacies of legislation and tries to pass sound legislation than the Committee on Ways and Means.

Mr. Chairman, I now yield 10 minutes to the gentleman from Ohio [Mr. JENKINS].

Mr. JENKINS. Mr. Chairman, I ask unanimous consent to proceed out of order.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

IN THESE DAYS OF GREAT UNCERTAINTY THE REPUBLICAN PARTY MUST LEAD THE WAY

Mr. JENKINS. Mr. Chairman, a few days ago I made a short speech in which I attempted to show that the Government is spending entirely too much money. At that time I said that at a later date I would attempt to show that the Government is giving away entirely too much money. That is what I shall attempt to do at this time.

In the Presidential campaign of 1932, Franklin D. Roosevelt erupted frequently and violently against what he said were the extravagances of the Hoover administration. He promised to make great savings. He said then that "many governments have been wrecked on the shoals of loose fiscal policies." But just as soon as he took office he commenced to follow a course of extravagance that has characterized the New Deal and the Roosevelt family ever since—and has thrown upon the people a national debt far beyond anything that the wildest spender ever imagined. He also gave us a wizard hitherto unknown whose name was Harry Hopkins. This man said that the people "were too damned dumb" to know what was best for them and he tried to prove it. He gave to the country a political formula that has made him immortal. It is simple and easy to remember and difficult to forget, but terribly expensive. He said, "Tax, tax, tax; spend, spend, spend; elect, elect, elect." He proved the infallibility of this alluring formula, but he proved it at a terrific expense to the American people. His program of wasteful extravagance ran our national debt from less than twenty billion to more than \$260,000,000,000 and our national budget from less than five billions a year to about fifty billions in peacetime.

Mr. Chairman, millions upon millions of this money was given away in the most shameful orgy of extravagant, dishonest, and unwise spending. WPA, PWA, NYA, and AAA and others of the numerous alphabetically designated agencies reeked with inefficient, dishonest, and wasteful activities. All this is now reflected in the colossal national debt.

WPA alone cost the taxpayers \$10,500,000,000 and other similar work relief programs, including NYA, cost another billion and a half. The CCC cost almost \$3,000,000,000 more. Another \$9,500,000,000 has been paid out in the form of public assistance. Other billions have been given States and localities for public works projects, some providing enduring benefit but others of doubtful value. Many more billions have been

given to the Nation's farmers who in the 1930's were paid for not growing crops.

In the postwar period, \$16,000,000,000 have been spent for education, training, and other readjustment benefits of veterans. This does not include compensation and pensions or insurance refunds or hospital and medical care. While many veterans have received long-term benefits from these payments, most veterans agree that some of the funds have been wasted.

Now, more than ever, it is necessary to crack down on the recreational courses, fly-by-night schools, fraudulent training courses, exorbitant tuition rates, and excessive subsistence payments that have been made under various training programs.

Mr. Chairman, except for the war years about one-third of all our tax money has been going to these "gimme" agencies. The total would run into many billions. A great proportion was given with no chance for any profitable return. And much of it was given as subsidies and bonuses which were doubtful of merit, and have proved to be of only temporary value. Most of these hand-outs would in no way contribute to our military advantage at this time when the war clouds are gathering.

Mr. Chairman, the most expensive "gimme" program ever initiated by any country, yes, probably by all countries combined, has been our various foreign-aid programs. Lend-lease, European Recovery Act, military aid, foreign rehabilitation programs, United Nations Relief and Rehabilitation Administration, displaced persons, and numerous other programs have cost us many billions.

The contributions we have made to Russia would, if repaid, reduce our national debt by about twelve billions.

The aid that we have given Great Britain must have been forgotten by the British, by Dean Acheson, and Harry Truman when recently they gave ear to Britain's wish to have Red China admitted into the United Nations. The debt that Britain owes us was forgotten when Acheson and Truman gratified Britain by removing General MacArthur, which conduct on their part has been condemned by the tremendous ovations given General MacArthur by about 95 percent of the American people.

Mr. Chairman, a fair-minded committee of Congressmen actuated only by a desire to clean out these terribly expensive "gimme" activities could easily save our country \$3,000,000,000 in the next fiscal year.

The European-aid program and the aid programs for all foreign countries have served their purpose but have been very expensive. Many persons who are familiar with the work of these organizations are now taking the position that all these economic-aid programs should be abandoned in the near future. They claim 3 months would be enough time to close up all these expensive programs. Some of these programs have been in operation for several years, and together have cost the United States \$28,000,000,000 since July 1, 1945. This money was spent largely for two pur-

poses, rehabilitation and preventing the spread of communism. The rehabilitation in some countries might work to our advantage, but much of it is now benefiting Soviet Russia. And while communism has been stayed in some countries, it still flourishes in many countries into which large sums of American money and supplies have been sent.

The President's budget for 1952 proposes to give away \$16,600,000,000 of tax-collected dollars, \$9,600,000,000 of this he expects to give away in this country and \$7,000,000,000 in foreign countries. We do not know where he expects to spend the \$7,000,000,000 that goes into foreign countries. It is likely that much of it will be wasted. We do know what he expects to do with the \$9,600,000,000 to be spent in this country, and that very little, if any, of it will be spent for national defense purposes. And we do know that much of it can and should be eliminated during the present emergency.

The \$600,000,000, for example, that the administration proposes to grant to the States for the construction of buildings, roads, and civil airports would encourage the type of construction that competes most directly with the defense effort for materials and manpower, and would be inflationary. More than \$1,000,000,000 is planned in grants and aids for education, training, and health, including a new program of Federal aid to education. Congress has failed to approve that program in past years. Granting that many of these programs are meritorious, this certainly is not the time for increased expenditures in fields unrelated to defense.

Many of the business services provided by the Government should be made self-sustaining by charging their cost to the users rather than to the taxpayers. Probably the best example is the postal service in which equitable rate adjustments are now needed to offset increased costs.

Tax experts have estimated that a thorough reappraisal of huge Federal programs of aids, subsidies, and special services could yield savings of \$3,000,000,000 during fiscal 1952. They say that this would go far toward restoring local responsibility and removing the Federal-aid programs that have resulted from the grant-in-aid system which has been increasing in cost every year of the postwar period.

Mr. Chairman, everybody loves Santa Claus, but a person with the give-away disposition of Santa Claus would hardly qualify as Secretary of the United States Treasury. The Roosevelt and Truman administrations prove this sad fact. There is an old adage in human affairs that has proved to be infallible. It is that a man badly in debt should be just toward his creditors before he is too generous toward others. As it is in human affairs so it is in national affairs. We should pay up before we pay out.

Mr. BROWN of Ohio. Mr. Chairman, will the gentleman yield?

Mr. JENKINS. I shall be glad to yield to my colleague from Ohio.

Mr. BROWN of Ohio. I congratulate my colleague, the gentleman from Ohio,

for making a very sensible and very important statement on the floor of the House. I think he can rest assured his colleagues from the State of Ohio will support him in the stand he has taken for economy in the Federal Government and for a realistic approach to the problems which confront us.

Mr. JENKINS. I thank the gentleman very much. I am glad to think that my colleagues from Ohio will support my views. I shall be proud if that is the case for Ohio has a very capable congressional delegation.

Mr. REED of New York. Mr. Chairman, I yield 10 minutes to the distinguished gentleman from New York [Mr. KEATING].

Mr. KEATING. Mr. Chairman, I ask unanimous consent to speak out of order.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. KEATING. Mr. Chairman, it is encouraging to note the administration's manifestation of agreement with General MacArthur on at least one important point, that Formosa must be saved from falling into the hands of the Chinese Reds. It is now announced that this conclusion was reached some time ago and a decision then made to dispatch a mission to assist in training and equipping the anti-Communist forces to resist attack. More recently, it has been decided to increase materially the size and strength of this mission.

Then last week, and surely belatedly, there was another development directly attributable to the pressures arising from the MacArthur incident when we proposed to the United Nations an embargo on arms shipments to our common enemies. What a commentary on the state of international morals that it should ever be necessary for us to take such a step.

It is to be hoped that other suggestions advanced by this peculiarly well-informed military leader will likewise be considered on their merits. If sound, their adoption should be expedited, as have these two significant moves, without veto simply because of the source of the recommendations.

While it is possible that the Chinese Communists, faced with stubborn resistance by United Nations forces, will fold up and silently steal away, that seems extremely unlikely. Almost equally unexpected would be any move evidencing willingness on their part to terminate their aggression on any terms which would be acceptable to us and which would not constitute complete betrayal of our announced objectives and pursuit of a fatal appeasement policy. There is no one of us who would not gratefully surrender any claim to accurate prophecy in exchange for the blessings of peace achieved through either of these channels, but we cannot fly in the face of all the available evidence.

In addition to these two remote possibilities, there are, of course, the alternatives of our complete withdrawal from Korea or our commitment to an indefinitely prolonged "limited" or "stale-mate" type of warfare unprecedented

in United States history and foreign to all our traditions, as well as entailing endless bloodshed and sacrifices and involving the concession that all our young men now in or on their way to Korea are expendable.

Barring the two remote possibilities outlined and rejecting the two other alternatives as unacceptable, we face, it seems to me, the inescapable conclusion that, sooner or later, several more, if not all of the MacArthur recommendations will have to be adopted in order to attempt to bring the Korean War to a close either by a convincing military victory or by forcing a settlement on just and honorable terms which will not simply furnish a standing invitation to the aggressors to strike elsewhere.

My plea is for a prompt and open-minded reconsideration by those in authority of the other proposals advanced by an experienced and resourceful military commander whose distinguished career entitles his views to respectful attention. Prompt it must be because precious lives depend upon the outcome and because, if the suggestions are sound, the quicker they are adopted the more likely that they will narrow, rather than enlarge the area of conflict and conversely, the longer their implementation is delayed, the greater is the likelihood of deeper involvement.

Thus, without criticism of those who made the final decisions, the soundness of many of which I confess that I shared at the time, it now appears clear by hindsight at least that had less restrictive conditions been imposed on the operations of our Far East Command, the hordes of Communist Chinese would never have entered the Korean conflict or would have been deterred at the outset from any such full scale operations as they have conducted. If the factual situations are similar, let us not make substantially the same mistake twice.

On the other side, self-restraint should be exercised by those of us who have been critical of the failure on the part of the administration to adopt any affirmative policy directed to the termination of the war. We must be careful not to prejudice the chances of acceptance of additional suggestions similar to the Formosa training and equipment program and the enforcement of an arms embargo against shipments to the enemy through premature and ill-advised taunts of "We told you so" or "We knew you would have come to that."

We are not dealing with any exact science. No one can be expected to have all the answers. If the administration has been woefully weak and tragically slow in the past to formulate policy, that is just ground for criticism, but let that debate take place a year hence.

The important thing now is for both sides to strive mightily to subordinate political advantage to the Nation's welfare. Admittedly that is difficult, especially for those in public life whose very calling steepens them in partisanship. Let it be remembered, however, that it is harder for those with whom the tide of popular favor is running to be asked not to press too strongly the advantage which is theirs, than it is for those whose

popular esteem is at a low ebb to give consideration to a modification in their views to meet changed conditions.

No political labels attach to war, death, wounds, and suffering. Republican young men and Democrat young men are engaging the enemy, shoulder to shoulder in far-off Korea. Democrat loved ones and Republican loved ones here at home, worried and concerned, entertain a common hope and utter a common prayer for early, honorable, and lasting peace.

Let no false pride of authorship, no stubborn adherence to policies now demonstrably unrealistic, no professional or political jealousies among those in authority so blind our vision or unbalance our judgment that we allow ourselves to be deflected from choosing with speed, soundness, and definiteness the course best suited to serve the long-range interests of our country and then pursuing that course with fidelity and determination.

Mr. MASON. Mr. Chairman, will the gentleman yield?

Mr. KEATING. I yield.

Mr. MASON. I want to congratulate the gentleman from New York. I envy him the statesmanlike manner in which he has analyzed our international situation that has been brought about by certain occurrences; it was a magnificent analysis of the thing and we ought to follow through along that line.

Mr. KEATING. I appreciate the remarks of the gentleman from Illinois.

Mr. REED of New York. Mr. Chairman, I yield 20 minutes to the gentleman from California [Mr. WERDEL].

Mr. WERDEL. Mr. Chairman, I ask unanimous consent to revise and extend my remarks, and to proceed out of order.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. WERDEL. Mr. Chairman, on the 4th day of this month my colleague from California [Mr. YORRY] made some remarks in the RECORD to which I believe a reply is necessary. I direct your attention to his remarks as they appear on page 4878 and recall to your minds that among other things he said that Mr. Raymond Moley had become a leading spokesman of the Republican Party. He then paid particular attention to a paragraph in one of Mr. Moley's news releases in which Mr. Moley pointed out that one of the greatest dangers to the Republican Party was peace in Korea. On that subject he quoted as follows:

Their danger—

That is the Republicans—

lies in the chance, and it is more than a chance, that the Truman course will result in peace in Korea and rehabilitation of Japan.

This tactic by the gentleman from California reminds us of a similar tactic when President Truman called a well-known newspaper columnist an s. o. b. The American people were thus induced to believe that that columnist was reporting to them as the enemy of the President and his administration. That columnist could then appear to oppose



our present administration and still support its appointed incompetence, perverts, and demagogues in their sale of socialist and gimmie philosophies to the American people. The gentleman from California [Mr. YORRY] has deliberately deceived the American people. He has told them that a man who came into political existence and became nationally known in the newspaper field as a New Dealer is now the spokesman for the Republican Party. I certainly want it understood, Mr. Chairman, that neither Mr. Raymond Moley or any other newspaperman speaks for me. Nor do I believe any individual columnist or newspaper speaks for other men who oppose this administration. However, if Mr. Raymond Moley is opposed to the present minority group demagogues in the White House and the present administration who have stolen the political machinery of the great Democrat Party from its national level to the local precincts and who are now using it for their own political power and financial advantage, then Mr. Moley and I speak together each for ourselves on that subject.

My colleague from California is now in his first session as a Member of Congress. Even though he has heretofore served 6 years as a member of the California Legislature, it might be helpful to this House and to the gentleman from California if we point out the dangers incident to the publicity techniques in modern demagoguery.

I, myself, served in the California Legislature from 1943 to 1946. That was at the end of Governor Olson's administration when Communist agitation first became bold and widespread in California. It was about 5 years after the gentleman from California [Mr. YORRY] voted "yes" in the California Legislature on a resolution granting a full pardon to Tom Mooney. Tom Mooney had been convicted of bombing women and children in a San Francisco preparedness parade during the First World War. He was the martyr to stimulate Communist agitation in those years. Of course, that vote was the gentleman's own business. The press gave publicity to the vote as news. Editorial comment by the press was the business of the press. They were not necessarily the spokesman for the gentleman from California. If a Communist mouthpiece at that time in California, favorably reported the gentleman's action it did not necessarily mark the gentleman as a Communist. When the Western Worker advertised on May 24, 1937, that the gentleman from California was the speaker at a Los Angeles mass meeting of a committee for freedom of Mooney and Billings, they were not necessarily speaking for the gentleman. The gentleman spoke for himself at the meeting. The fact that the Communist Western Worker expressed an editorial policy similar in views to those expressed by the gentleman at the meeting did show that to that extent they supported the gentleman, but again the Western Worker was speaking for itself.

The same can be said for publications by the Open Forum and Epic News who on May 1 and February 1, respectively, in

1937 as left-wing newspapers advised their readers that the gentleman favored repeal of the California criminal syndicalism law and that the gentleman was to speak at an ultra left-wing school on February 4 of that year. Such papers were not speaking for the gentleman, unless the gentleman felt bound as a public official by left-wing-controlled press as Russians are bound by Tass. On July 19, 1937, when the Communist Western Worker advertised that the gentleman was the chief speaker for the American League Against War and Fascism and pointed out that the speech would be on the first anniversary of civil war in Spain on the topic American Responsibility Toward Maintenance of Spanish Democracy the paper spoke for itself. It is true that the paper probably expressed an area of agreement between the views of the gentleman and those of the paper. It spoke for itself.

Perhaps the same should be said in connection with the report in the Communist Western Worker in an issue for July 26, 1937. At that time they announced that the gentleman from California [Mr. YORRY] was the speaker for Workers Alliance, a Communist-dominated group of agitators. The Western Worker pointed out that the gentleman addressed the meeting before the agitators marched on WPA buildings, supervisors, and the city hall of Los Angeles. There again, the paper may have expressed agreement of view with the gentleman. It may have supported him, but what the gentleman said at the meeting that may have induced the mob to march in threatening manner on the city and county officials of Los Angeles, he said himself.

It would appear that a person of such extensive speaking experience as that of the gentleman should know that a free press and its writers do not speak for any political party in our free country. When the gentleman addressed the Youth Forum on October 19, 1937, at the First Unitarian Church he spoke for himself. When the Communist Western Worker announced on October 21, 1937, that the gentleman was on the executive committee of the California Committee of 100 for Political Unity, it was merely publicizing what purported to be a fact. The gentleman could have denied it then or he can deny it now. The point is, the gentleman either failed to speak for himself and deny the fact then or he can speak for himself now.

When the Communist Western Worker announced on October 25, 1937, that the gentleman was a sponsor of a petition to place a proposition for a unicameral legislature before the people of California at the next election and when in that issue they informed the Communist readers that the gentleman initiated the Little Wagner Act in the California Legislature for that year, they again were stating what was presumably a fact. It was news. They did not speak for the gentleman, unless he wanted them to. At that time, he could have remained silent or he could have spoken for himself and denied the truth of the purported facts. At the present time, he is still privileged to speak for himself on those subjects.

At still another time, at 8 p. m. on December 17, 1937, at the Philharmonic Auditorium under the auspices of the Southern California Committee for Freedom of Mooney and Billings, the gentleman spoke for himself on what he believed important issues before the people of California, the liberation of the martyrs convicted of bombing patriotic Americans, including women and children, in the First World War. So also when the gentleman addressed the convention of the Labor Nonpartisan League of California on December 11, 1937, at its convention in San Francisco, he spoke for himself. In any of these meetings, if the gentleman's remarks were intended to induce innocent listeners to contribute hard-earned money to demagogues masquerading as leaders of the working classes for the liberation of Mooney and Billings, he spoke for himself on important issues and techniques for political freedom.

On January 1, 1938, when the gentleman was quoted as follows:

Los Angeles Assemblyman YORRY . . . has joined the progressive chorus hailing the transformation of the Western Worker into a daily paper on January 1. The labor point of view which includes the point of view of both organized and unorganized workers is something very rarely presented accurately by ordinary commercial papers. . . . I therefore congratulate the Western Worker upon its move to become a daily paper on January 1.

The paper quoting the gentleman was publicizing the purported fact. It did not speak for the gentleman. It quoted him. The gentleman was free then to speak for himself and deny that he felt the Communist Western Worker should be read by more people and at regular daily intervals.

It is also true that when the Communist Peoples World endorsed and sponsored the gentleman for the Los Angeles City Council for the Twelfth District on the front page of its May 2, 1939, edition, it did not say that the gentleman was a Communist, nor did it tell its readers that it spoke for the gentleman. It just gave the gentleman its support for reasons best known to the Communist paper. The gentleman was free at that time to speak for himself just as he is at the present time.

It is, of course, possible that the readers of the Peoples World assumed that the gentleman was a Communist. If those readers believed in a Russian-type controlled press speaking as Tass, they were probably justified in assuming that the gentleman's thinking was controlled by the expressions of the Peoples World. It is also true that the readers of other newspapers of California made assumptions in regard to the gentleman. Those assumptions were to some extent governed by editorial comments of the truly free press. If they spoke out against the gentleman, it was in opposition to his views. They, of course, were not the spokesman for him. If some of the free press and some of us in public life at that time in California doubted the gentleman's patriotic intentions and were wrong in that regard, it was because of faulty inferences drawn from what the gentleman did say or failed to say for

himself as his own spokesman. The gentleman can well understand that if newspapers and informed people, realizing the techniques in deception and demagoguery of the Communist leadership and press, knew that the gentleman had the opportunity to speak for himself and failed to, they would probably draw inferences against the gentleman. Those same people might have thought it peculiar that the gentleman would head a legislative committee to investigate communism less than a year after the Communist Peoples World had endorsed him for the City Council of Los Angeles. Those same people would wonder how the gentleman, a few months after such activities by himself and endorsements by Communist papers, believing in the overthrow of our Government by force and violence, could possibly become a captain in military intelligence even if the inferences to be drawn were faulty and the gentleman were a patriotic American. He must well understand that other patriots were concerned when he chose military intelligence as a war effort. I must admit that I am presently concerned when the gentleman supports the proposition that anything marked secret by some military officer closes the door to investigation by civilian officials of Government including the circumstances under which the gentleman became a captain in military intelligence. Perhaps, the answer is that someone in Washington issued an order that Russia was our ally and anyone believed to be pro-Russian with Communist inclinations was to be trusted as our friend. If such orders did exist, the gentleman can understand in his great loyalty to America that the origination of such orders should be investigated. To preclude that investigation because the person who issued the order had the power to mark it secret is an admission by this Congress that it is not to be trusted or fit to act and the American people are not fit to be free.

I am well aware as are many other people in California that in its November 5, 1942, issue in column 5 on page 2 the Peoples World called the gentleman a Red baiter. However, it is still true that the Peoples World was speaking for itself and was not the spokesman for the gentleman unless he wanted it to be. The patriots of California were doubtful because they believed that the Communist Party has its controlled press and that in California the Peoples World was its Tass. The patriots knowing the deceptions, half-truths, false statements and studied demagoguery of communism, wondered then and many still wonder whether the Peoples World was not in fact speaking for the gentleman. The question to them was whether a deliberate attempt was being made by the Communist Party to give the able, clever and tricky gentleman from California sheep's clothing by branding him anti-Communist. It is true they did not call him an s. o. b., but they did call him a Red baiter and the technique is the same. Here again the gentleman could have spoken for himself.

There were other newspapers who have favored the gentleman with publicity. On June 7, 1949, the Los Angeles

Examiner pointed out that the gentleman opposed the California loyalty bills. In their comments as in those of the Peoples World on the same day and later on the 27th day of June 1949, the paper spoke for itself. I am sure the gentleman does not take the position that the Los Angeles Examiner is his spokesman on political issues.

Perhaps the gentleman believes that some of the items mentioned by me are too old in a growing and changing democracy which by its Constitution binds this Congress to guarantee to the people a Republican form of government. I do not want to be unfair to the gentleman from the standpoint of dates. I hold here in my hand a more current expression by the Daily Peoples World. It is an editorial from the August 4, 1949, issue of the Communist Daily Peoples World. That, of course, is not yet 2 years old. The editorial is by Steve Murdock, staff writer for the Daily Peoples World. The title of the editorial is "YORRY Ushers in Day of Social Democrats." The article points out:

His chummy relationships with the Despoils are a good key to the smart, dapper little character. Because smart he is, and very adept at this business of making a true champion of the people.

Take his voting records. He's the best example at large today of the fact that a legislator cannot be evaluated entirely by his voting record.

I assure the gentleman that I do not assume that either Steve Murdock or the Daily Peoples World is the spokesman for the gentleman. They complain that the gentleman supports totalitarian social democracy in California and is its leader reaching for leadership that should be totalitarian communism. The gentleman is and should be his own spokesman. He was privileged as a member of the California Legislature when the editorial was written to speak for himself or to refrain from speaking. He is privileged now as a Member of this body, constitutionally obligated to guarantee republican government, to speak out or to refrain from speaking. It is the gentleman from California [Mr. YORRY] and he alone who can say in a loud voice that it is not true that he is desiring to be a legislative spokesman for social democracy in California. He can say positively that he does not believe in socialism in any form whether it be military socialism or that creeping form requiring the delegation of powers of the legislature to the executive branch and the amendment of our Constitution by demagogic redefinition of words and phrases.

To be sure, I will admit with the gentleman that Steve Murdock may have been expressing the resentment of the Communist Daily Peoples World for the gentleman who sold them out in order to go his own way as a demagogic leader seeking power through deception. I am not concerned with their attitude nor am I concerned with the gentleman's military record. I am concerned with the gentleman's past record in public life and his present record so that I may determine where to place confidence. Even though the Communist Daily Peoples World is not the gentleman's spokesman, it has told its readers in effect that

the gentleman's voting record is excellent from a Communist point of view but that the gentleman needs to be watched because he is a social democrat. I, therefore, caution the gentleman that when he makes remarks on the floor that some opportunity-seeking publicity expert is the spokesman either for myself or any other Member of this House, he is treading on hallowed ground. I am not only disturbed about the gentleman's remarks on the 4th of this month in that they warn me of deceptive techniques but I am concerned about other statements made by him which are apparently designed for political purposes and only state part of the truth. In particular, I refer to those remarks of his on the 10th of April of this year, which were remarks extended in the Record without oral statement on the floor 2 days after he issued a news release to the people of California falsely presenting the position that I had taken on the preceding April 3 in connection with the bill providing for amendments to the draft law and universal military training.

I, of course, expect Communists to be two-faced half of the time and half-faced the rest of the time. However, I accept the gentleman as a colleague, and as an honorable Member of this House. I therefore assume that he was either speaking for someone else as he stated Mr. Moley was or had not read my remarks before he prepared his own.

His remarks on April 10 are false when he says that I said "that our Armed Services Committee is furthering some kind of a plot." In closing my remarks, I pleaded "that our splendid committee on Armed Services convene forthwith and summon our top military leaders for a thorough-going and exhaustive examination of the policies which they are now pursuing." It is clear from my remarks that I referred to the policies being pursued by our present General Staff.

His remarks are half true and deceptive when he says that I am opposed to universal military training. In my remarks on April 3, I positively said that I was in favor of universal military training under the jurisdiction of our State Governors in peacetime. I suggested that we approach the subject through Title 32 of the United States Code where provision is made for the National Guard. I did oppose centralization of military manpower in Washington during peacetime.

When I made my remarks on April 3, I expected socialist thinkers to attempt to slander myself or to question how I came into possession of political documents marked classified by military socialists. I expected that technique rather than a willingness to discuss the authenticity of the instruments with which I documented my remarks. I also expected and still expect our Committee on Armed Services to investigate the extent to which civilian control of our military establishment is being lost.

The gentleman from California who by his voting record is a good Communist in the opinion of the Daily Peoples World, but who is not to be trusted in the opinion of that paper because he has emerged as the legislative spokesman for social democracy in California,



has by the record of this House at the end of 4 months' service emerged as the smear artist, using the expert techniques of totalitarian demagogues. His news releases of falsehoods 2 days before he would even extend his remarks is part of that technique. Careful reading of his remarks as set forth in the Appendix of the RECORD, commencing on page A1900, will disclose that while hiding behind a military service record, he patriotically asserts that because Joseph Stalin as head of one military socialist state, is opposed to its growth in this country unless he is top dog, no Member of Congress should publicly oppose the growth of military socialism in our General Staff.

The rest of his remarks of April 10 are apparently lengthy because he believes the short phrase "nonconstructive criticism" is outmoded and worn out for propaganda purposes. Assuming as I do that the gentleman prepared his own remarks without reading mine, I want to point out to him that my remarks were long and documented so that I might constructively indicate to the House the dangers to individual liberty occasioned by large centralized peacetime armies. I also constructively indicated that if we believed universal military training necessary, as I do, the proper road to follow to guarantee liberty was to leave peacetime control of military manpower at the State level. I not only indicated to the gentleman from California and this House the road on which you would not find liberty, but I pointed to the trail that we should follow, indicating its direction and markers.

In this regard, I will ask the gentleman from California to assume with me that in the history of the world there was a nation of great strength, Christian theology, self-reliance, and wealth. That a group of demagogues plotted together seeking pennies and the powers of junior commissars for themselves, with resulting titles purporting distinction. About 20 years of such demagoguery destroyed the country's self-reliance, consumed and threw away its accumulated wealth, and then sought to control the Frankensteins it had created by political bribery programs through an Oberkommando military brain and military courts. I will ask him to assume that the followers of these demagogues became so numerous in number that hundreds of them died each day and appeared before a celestial court.

I will ask him to assume that on one such day he, too, left this world and appeared before that court. As he faced the court, he saw inscribed on the walls the laws by which men should live if they are to have either free government or salvation. There would be "Thou shalt not steal" and "Thou shalt not covet thy neighbor's goods." He would hear the Defense Counsel point out that there is something charitable and God-like and therefore Christian about socialism. However, he would hear the court say that Christian men must believe in family responsibility, thrift, and family life. That Christian men are to live according to law and order. That public officials in free government are

bound to define new equitable rights arising because of changing economy and social conditions. They are bound to define those rights into law so that they can be enforced in local courts by poor men. He will hear the court say that it is no defense to arbitrarily seek political power by coveting your neighbor's goods through pressure groups called unions and political parties as a demagogue leading a mob.

Yes, he will hear the court say that it is no defense to contend that you were opposing communism when you willfully destroyed the security and self-reliance of family life by arbitrarily taking another man's property even though you used only economic and political force. The court will say that each of those actions taken by men bound in life and death under a Christian oath of office is an expression of uncontrolled passions and as such is damnable.

I will ask the gentleman from California to assume with me that he, like me, is human, and that for some reason he, too, received an adverse judgment by the court. That he left with the group on a pathway across the great divide under instructions to take the fork of the trail that led to hell. That through inadvertence or inability to see the signs, he and his colleagues took the wrong trail. That they eventually came to a high wall with a beautiful gate and when they sought admittance a gentleman with a long beard approached them and identified himself as St. Peter. He asked them where they were going, to which the gentleman from California and his colleagues replied that they were on their way to hell. Whereupon St. Peter told them that they were going in the wrong direction. That he had spent eons of time back of the walls. That he had talked with those residing there and that he knew hell was not in that direction.

Now I admit with the gentleman from California that whether or not St. Peter's remarks were constructive in the gentleman's mind would depend upon how big a rush he and his colleagues were in to get to hell. However, I also submit that in the mind of an innocent bystander peeking through the gate and seeing the gentleman's long tail under St. Peter's wings, and thus really knowing the gentleman was on his road to hell, the remarks of St. Peter would appear to be constructive.

I will also ask the gentleman to assume that—if St. Peter said—"many, many years ago we had a bunch of fakers here in heaven who sought power and prestige and who were damned to a place called hell, which the Creator had prepared for them. When they left under guard they went in that direction." If he indicated the direction, pointed out the mileposts and landmarks, I submit to the gentleman from California that St. Peter's remarks would be constructive advice in determining in which direction the gentleman and his colleagues might find hell.

Now, of course, the gentleman and his associates might loiter about the big gate, muttering about the reactionary ideas of God and His improper decision in regard to the facts and statement of

the law. In that event, a button would be pushed calling forth Lucifer and his long-tailed guard to remove the gentleman and his colleagues under regimented military law for the purpose of just scorching his tail and singeing his feathers for a few thousand years.

Now I submit to the gentleman that in the Creator's nature of things that, too, might be constructive in the eyes of the innocent bystander who had carried his cross on earth and watch the gentleman and his colleagues depart in the indicated direction of hell. But in the mind of the gentleman and his colleagues, it might be destructive.

Mr. Chairman, I cannot take my seat without commenting about the standard socialistic smear tactic of this administration in its effort to build socialistic powers while crying "Beware of communism." We saw that in the campaigns of last year, when the uniform technique throughout the Nation was the identifying of opponents of socialism and this administration with our past colleague from New York, Mr. Marcantonio, because he found it necessary to vote with those stalwarts on a few occasions.

The same technique was that used by the gentleman from California in his remarks on April 10, when he sought to slander me by showing that Joe Stalin and his local Communists also opposed military Socialists. We, of course, are aware that a large segment of our people can be deceived by political chicanery and slanted news releases. That is particularly true if the demagoguery is cloaked with some official title indicating that the demagog has been elected by free people.

I want to indicate to the House certain existing conditions developed and practiced by the demagogues of this administration while crying "Wolf!"

First, this administration believes in the tactic of deceiving large segments of our people through slanted news releases, fear campaigns, and false reports. Communism supports those tactics. The gentleman from California used those tactics.

This Congress has delegated a large part of its power to be exercised by godless nonelected officials. This administration demands further power. Communism supports those demands. The gentleman from California supports those demands.

Our Chief Executive has surrounded himself with incompetent and corrupt advisers so that he cannot perform our delegated duties. Our Chief Executive defends his action. Communism supports those tactics. The gentleman from California defends those tactics.

We have locked up some traitors, but the big brain is yet unknown. This administration defended those traitors, covers up all evidence that might indicate the big brain. Communism is reputed to control that brain. The gentleman from California supports the administration's tactics and seeks to whitewash by smear.

The per capita portion of our national debt now exceeds the total assessed valuation of some counties. This is the result of the political bribery of our last

two Chief Executives. This bankruptcy is communism's greatest weapon against America. The gentleman from California supports all such bankrupting programs.

With each session of Congress we further oppress and depress our citizens. That is the purpose of this administration. That is the purpose of communism. The gentleman from California supports this administration.

We are exhausting our natural resources to buy disrespect abroad. Our President demands this self-abuse. This is part of communism's program for our destruction. The gentleman from California supports this destruction.

We have closed down our strategic metal industry and placed control of our stockpiles under our Secretary of Defense. This administration created that condition. The gentleman from California raises no objection.

We now find that we will either expand the national debt or apply ruinous taxation. Our President demands it. It is communism's program. The gentleman from California supports it.

We are destroying the self-reliance of Christian families by political bribery programs. This is the final purpose of communism. The program is supported by the gentleman from California.

We pay tribute to Russia and her satellites in an effort to buy friendship. Communism seeks the expansion of such expenditures. The gentleman from California raises no objection.

We allow leaders of enslaved groups to destroy law and order if they can turn over some votes. This is the political strength of our President. This is part of communism's program. It is supported by the gentleman from California.

We owe allegiance to a written Constitution which we here in this House are under oath bound to support. Yet we have two men on the Supreme Court bench appointed by this administration who say they are not bound by stare decisis. They would amend our Constitution by redefinition of words and phrases. Communism supports this tactic. The gentleman from California raises no objection.

We stumble along through public lies and self-deception. Our President supports this tactic. Communism supports it. By his remarks the gentleman from California supports it.

Spokesmen for this administration say American citizens cannot understand foreign policy and their Congressmen cannot understand reciprocal trade discussions. This is part of communistic philosophy. The gentleman from California raises no objection.

Our Commander in Chief sent our sons to die in Korea while permitting rubber, tin, copper, and steel to go to the factories of Russia and her satellites, including Communist China. Communism supports this program. The gentleman from California supports it.

Rather than admit past mistakes and set out on an honorable course, our President seeks military centralization to control his demagogues. This is at least socialism. The gentleman from

California raises no objection and has assumed to be the spokesman in support of that program.

During the past 20 years, politicians of this administration have forced 12,000,000 American Christian families under autocratic control of trustees above and beyond the law. Communism supports this tactic. The tactic is socialistic. The gentleman from California supports it.

Since the last war, huge wage differentials have been forced into workingmen's automobiles, washing machines, shoes, clothing, and other articles as political pay-offs by this administration. Communism supports that tactic. It is a device leading only to socialism. The gentleman from California supports that tactic.

These nonelected labor bosses riding as Cossacks through the Halls of our Congress, dictating policy against the welfare of the American workingman, through political pressure force their personal desires upon our Government. Our President supports these men and their tactics. Communism supports these tactics. These tactics will lead to socialism. The gentleman from California supports these Cossacks.

Some Rasputin through pending military legislation demands this Congress subject the American people to autocratic powers to be exercised in war or peace so that Frankensteins may be controlled under military law. Our President supports this tactic. It is a communistic tactic. It is the tactic of totalitarian socialism. The gentleman from California supports the legislation.

Our Government permits so-called allies and associates of the United Nations to deliver lethal weapons to China to murder our sons. This is for the advantage of communism. The gentleman from California supports the policy.

Our Government ordered the Seventh Fleet to prevent free China from attacking Red ports where these lethal weapons were being landed and to prevent free China from seizing such ships and cargoes. The gentleman from California supports these orders.

When our policemen went to Korea, our President ordered the Seventh Fleet to protect Red China from attack by Chiang Kai-shek's forces. Red troops were thereby released to kill our sons in North Korea. The gentleman from California supports that policy.

Our Air Force is ordered not to destroy Red arsenals in Manchuria from which men and weapons flow to North Korea to kill our sons. Communism supports this policy. The gentleman from California supports it.

We make no demands on other members of the United Nations for anything other than good wishes. Communism is seated on the United Nations. It supports that policy. The gentleman from California supports that policy.

Our Government permits other members of the United Nations to make money by sale of military goods to others seated on the United Nations whose effort is to kill our sons. This, of course, is the policy of communism. The gentleman from California raises no objections.

A few weeks ago our administration wined and dined General Wu at the Waldorf-Astoria, while as a representative of Communist China he blasphemed our boys, our Government, and our country before the United Nations. General Wu was the past chief of staff of the commanding officer of the Red armies in North Korea. This was our President's banquet for the benefit of communism. The gentleman from California raised no objection.

Since our policemen arrived in Korea without the consent of this Congress, other members of the United Nations have run out on us. Our President raised no objection. The action only aided communism. The gentleman from California is silent.

Our faithless friend and foreign enemy, Joe Stalin, received everything he wanted at Tehran and Yalta. Gifts to him were all secret because the American people are not fit to be free. Our administration participated in this chicanery. Communism received all it demanded. The gentleman from California supports the result.

Having achieved victory with the largest Navy, Air Force, and most powerful Army in the history of the world, we were secretly forced to only counterpunch against another man in high place through political demagoguery. Our present administration issued the orders. Communism gained. The free world lost. The gentleman from California is silent.

We urged the people of Yugoslavia to fight the Hitler-Stalin alliance. We then turned them over to the Comintern agent, Tito. Since then he has shot down American fliers, executed Mihailovitch, imprisoned Archbishop Stepinac, locked up American citizens for whom our Government did not plead. We then gave Tito more than \$400,000,000 of the taxpayers' money. We bought his contempt and the contempt of the world. Surely, this involves subversives in our administration. It aided communism. The gentleman from California was silent.

By the Atlantic Charter we made promises to Poland, only to turn our back on her. After her destruction, we loaded millions on her Communist enslavers through UNRRA and the Export-Import Bank. Communism received the only benefit. The gentleman from California is silent.

Donald Hiss, the brother of Alger Hiss, is still a partner in the law firm which has been Dean Acheson's since 1922. Donald Hiss was also identified as the head of a Communist cell carrying on treason activities for communism against our people. He has received fees for that law firm handling claims for Poland against the United States. Such claims require an exercise of the discretion of our Secretary of State. Fees for that claim and similar claims by that law firm against the United States and paid indirectly by United States taxpayers total over \$450,000. Our President refuses to discharge Dean Acheson. The administration does not try Donald Hiss for perjury. Communism supports these tactics. The gentleman from California rushes to the support of the administration.



At least a million of the citizens of Estonia, Latvia, and Lithuania had rights under the Atlantic Charter but are now in Siberian slave labor camps. Our Government stopped our Armies west of Berlin. Communism made demands. Our Government granted them. The gentleman from California is silent.

Our Government told Chiang Kai-shek to keep up the good fight and he would get back everything stolen from China. We sold him out and our friends in South China through a pro-Communist group in our State Department. Communism received all its demands. The gentleman from California was silent.

Free China kept 1,500,000 Japs off the necks of our soldiers. We then said they were Fascist, reactionary, corrupt, and praised the Communist-agricultural reformers, armed and trained by Russia to the knowledge of our Government. They are now liquidating our Chinese friends. Our State Department cooperated. Communism received the only benefit. The gentleman from California is silent.

We refused to take Chiang Kai-shek's offer of assistance in the fight for Korea because Red China might be induced to fight. For months now Red China has been killing our sons. Red China is in the fight by their own decision. Yet we still refuse the aid of Chiang Kai-shek. Our State Department issued the orders. Communism receives the only benefit. The gentleman from California supports the policy.

We have deserted American citizens in Hungary, Poland, and Yugoslavia. We turned over thousands of Russian escapees to certain death in Russia. We turned over thousands of prisoners of war to enslavement or death in Russia. Yet on the basis that previous Presidents of the United States have sent our soldiers and Marines to protect American lives and property, this administration seeking more executive power now claims the right to send whole divisions into police action without the consent of this Congress. This is the trail to socialism. The gentleman from California is silent.

Mr. Chairman, I oppose all of these policies, but, like Joe Stalin, I also oppose socialism for the United States.

In conclusion, Mr. Chairman, I would only repeat for the benefit of the gentleman from California [Mr. YORTY] that on these subjects neither Mr. Raymond Moley nor any other person speaks for me. I believe I express the views of many others who oppose the totalitarian demands of our administration. I only hope that the gentleman realizes that the way to liberty may require us to cross or come in contact with the paths of socialism and communism. I think we should avoid their tactics in this House and their policies. If we do not, the number of our constituents may grow as they chant the quotation of Sidney and Beatrice Webb "It is true that liberty is precious—so precious that it must be rationed."

I say to the gentleman from California in all sincerity that if he believes the best interests of our country demand so-

cialism because our people were not fit to be free, he should say so boldly on the floor of the House so that we can debate the subject and carry the information to our people through honest news releases. It is the will of the people that will determine our destiny, and politicians, like lovers, should speak for themselves.

Mr. DOUGHTON. Mr. Chairman, I yield 10 minutes to the gentleman from California [Mr. YORTY].

Mr. YORTY. Mr. Chairman, I ask unanimous consent to speak out of order.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

Mr. NICHOLSON. Reserving the right to object, Mr. Chairman, I am wondering if the gentleman could not wait 30 minutes and then have all the time he wants to take, because we have an important bill under consideration, and I think I will be constrained to object to the gentleman's speaking out of order.

Mr. DOUGHTON. There have been two speeches on that side out of order.

Mr. NICHOLSON. Mr. Chairman, I withdraw my objection.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

The CHAIRMAN. The gentleman from California [Mr. YORTY] is recognized for 10 minutes to speak out of order.

Mr. YORTY. Mr. Chairman, I hesitate to take up the time of this House. I do not blame the gentleman who was about to object. I would rather that this sort of debate, or whatever you might call it, would have taken place at a different time when a bill of this nature was not under consideration, because obviously it is not in order. But having been attacked in a very personal way, I think you will all understand I would want to say something about the attack made by the gentleman from California [Mr. WERDEL].

I will say that I do not blame him for being very disturbed toward me. I had occasion to answer some arguments that he placed in the RECORD not long ago, and he notified me at that time that I should come to the floor of the House, that he was going to answer me. I sat here with the documents to support my case for about 3 days. On one occasion he had the floor and he did not see fit to answer me. I do not think he will want to answer me now relative to his particular activities at that time.

As far as devotion to this Government is concerned, I might say, as one who headed the first official State committee ever created in the United States to investigate communism, I think my record on fighting communism will probably stand up with that of anybody in the United States. I was chairman of the California committee clear back in the days of Martin Dies, when most people thought that the things we were saying about the Communists were very crazy. Time has proved us right.

I might call attention to the fact that the report I wrote on world communism in 1940 was reprinted by the California

Legislature in 1950 and redistributed because they thought it had enough merit that it should be widely circulated.

In addition to that, I do not know where the gentleman from California [Mr. WERDEL] was during the war, but I know that I was a combat intelligence officer and spent 2 years in New Guinea, where I had a great deal to do with classified documents of the United States Government. As a matter of fact, at one time I was a code and cipher officer, which is our most secret branch of the service, as you all know. Therefore, like all intelligence officers, having been thoroughly investigated by all security agencies of the Government, including the FBI and Army Intelligence, before being entrusted with classified information, I would like to ask the gentleman what he was doing while I was in New Guinea performing my duties.

That brings me to the point that is the reason for his attack upon me. Before coming back here to the Congress last year, I received a telegram. It was very interesting—especially to one who had made a study of Communist techniques.

It advised me that a Southern California Peace Council had been formed, and that the purpose of this council was to fight the universal military training program which it said is now called the Guderian plan. It pointed out that one of our national magazines has mentioned a plan developed by Heinz Guderian. This turned out, in fact, to be a study of not only the German technique but also an analysis of what he thought were our mistakes in the last war. The document was in the hands of our military people. It was only natural that we would want to ask our enemies whom we had captured to tell us what they thought we had done that was wrong so we would not make those mistakes again. The analysis was prepared for the historical division by Heinz Guderian—one of Hitler's chiefs of staff, I think his last one. It was a classified document circulated among our military people purely and simply as an educational proposition. For obvious reasons it was not made public, at least, until the gentleman from California obtained a copy of it—how I do not know. When the Communists learned of the document they seized upon the fact that we had asked Guderian to make the study in order to develop their technique of calling universal military training the "Heinz Guderian plan." This is psychological warfare. It is psychological warfare because they knew that if they could associate in the public mind the words "Heinz Guderian" with universal military training they could prejudice the public against universal military training and weaken our determination to stay strong. Just by this association of ideas, if successful, they would have created opposition to universal military training in the mind of any American who came to think of it as the Heinz Guderian plan. So it was a very nefarious scheme and one that immediately attracted my attention. I personally, and with another gentleman, went over

to the Southern California Peace Council office to see what kind of an office it was, being very certain that it was another one of the Communist phony peace councils. I found there on the door nothing but a piece of paper that said "Southern California Peace Council." They had not even opened up for business, yet they were sending out this propaganda.

The telegram was followed in a day or two by a letter which I have here and which I placed in the *RECORD* some time ago. In this the traitors went even further by attacking our American military leaders and, of course, again emphasizing that universal military training was in fact the Heinz Guderian plan. I felt that they would most certainly adopt this technique in other parts of the United States in their effort to defeat universal military training. So on three occasions I inserted in the *RECORD* of this House articles dealing with this particular subject, and showing that at a meeting in Los Angeles of this very council which was called for the purpose of discussing the Heinz Guderian plan, as they call it, they would not even let a reporter from one of our daily newspapers take notes; they ushered him out.

We all know, of course, that the Communists are not opposed to universal military training except in the United States or the free nations. We all know that they have universal military service in Russia and behind the iron curtain. But I felt there was a danger that some people might be misled by this particular Communist scheme and by the petitions they started circulating asking people to sign them and send them to their Congressmen, telling the Congressmen to vote against the Heinz Guderian plan.

As the situation developed these organizations did begin to spread out. With that background and having pointed out to the Congress three times the nature of this insidious Communist scheme you can imagine how surprised I was when the gentleman from California [Mr. WERDEL] inserted in the *RECORD* a long speech divulging the contents of secret or classified documents—I do not know where he got them—which documents were supposed to support his argument that universal military service was based on the Heinz Guderian plan. He did exactly what I had warned on three occasions the Communists were trying to do. I was shocked to find that a representative of the Republican Party would be so misled as to insert in our *CONGRESSIONAL RECORD* a most vicious attack on the Joint Chiefs of Staff and an attack on universal military training based upon the argument that the Communists used, that it was the Heinz Guderian plan.

I call the attention of the Members of the House to the fact that George Washington himself espoused universal military service for the reason that he did not believe in a large permanent standing army. But there is another angle to this. I fought under the Joint Chiefs of Staff of the United States and I think we have some of the finest military leaders in the world. I do not see how

any soldier can maintain his morale in the field if he does not think he is fighting under competent men whose leadership is competent and whose program will bring about victory for his own country. I know how I would have felt had I been convinced that the Joint Chiefs of Staff in the United States was not composed of competent military leaders.

I was in General MacArthur's command. Most of you know that we were not, during a great part of the war, a very important command. I admit that very frankly. We were in the Southwest Pacific. We were based mainly in Australia and in New Guinea. We sat in New Guinea a long time. We could not move forward rapidly because we did not have the supplies and men. It was not thought by the Joint Chiefs of Staff that we should have the amount of men and material that we felt we needed because they thought the main job was to defeat the Nazis in Europe, and then take care of Japan. I will confess that while I was perspiring in New Guinea for what seemed an eternity, I sometimes wondered if they were not wrong about that. I thought they should give us a little bit more to fight back with in the Pacific.

You must remember in this connection that at that time the commander in chief of the Pacific Ocean area was Admiral Nimitz and under his command in the South Pacific was Admiral Halsey. They were doing a tremendous job of trying to cut right straight across the Pacific toward Japan. And as it turned out, after I came home, and my perspective improved, I realized that the Joint Chiefs of Staff, General Marshall, and those who were directing our war effort had, as a matter of fact, used a wise over-all strategy. The proof of that is the fact that Japan collapsed shortly after Germany was knocked out of the war. I say that because I think it is important that we maintain confidence in our Joint Chiefs of Staff and in our military people. I think their integrity is actually beyond reproach. Yet, the gentleman from California when he attacked the universal military service, and called it the Heinz Guderian plan, also made a vicious attack on the Joint Chiefs of Staff.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. YORTY. Mr. Chairman, the title of his speech on that occasion was "Our Growing Prussian Staff" and on page 3224 of our *RECORD* he stated:

Before I take my seat this afternoon I intend to present documents and evidence which I am confident will induce other Members of the House to agree with me in my assertion that we have the Hitlerian general staff in operation today.

Mr. Chairman, that is the kind of a subversive attack upon the military leaders of the United States I felt it was my duty to answer. Especially I felt it was my duty to do so because I had pointed out on three prior occasions that it was exactly the technique of the Com-

munist in the United States. We expect them to use such technique and to spread such malicious propaganda. We are sorry and surprised when a Member of the House falls victim to Communist propaganda and puts it in our *RECORD* so that Communists all over the world can quote—not some Communist—but can quote a Member of the House of Representatives of the United States, quote him as saying that we are trying to put the Prussian plan into operation in the United States, that we are adopting the Heinz Guderian plan and that we already have a Prussian general staff.

In addition to that, I also felt it was extremely unwise for the gentleman to take it upon himself to declassify military documents. He said in his talk that he was using classified documents. I have never been able to find out why he felt he was competent to declassify those documents and put them in the *RECORD*. I tell you, based upon my experience as an intelligence officer and as one who worked with codes and ciphers, that it is an extremely dangerous thing for an unauthorized person to do. It is an extremely dangerous thing for even an intelligence officer to do unless he is dealing with documents with which he is thoroughly familiar and which he has been properly authorized to declassify. The proof of this is the fact that in our own Senate hearings, some of the material that is now being released as proper for declassification at this time is first changed around so that the order of it does not coincide with the code or cipher messages when they were transmitted. How is a layman, or even an intelligence officer, who has not worked with the documents to know what form those documents were transmitted in? A violation of security rules is an extremely dangerous thing when you consider that every radio message most likely is intercepted by our enemy, the same as we try to take down every one of theirs. It is extremely dangerous when you realize that secret ciphers can be broken. Breaking a cipher is only a matter of time, and anything that the enemy can get their hands on that shows him the form of the message will shorten that time considerably and perhaps make it possible for him to break a later cipher in a shorter time. So far as a code is concerned, it is a most vulnerable means of communication if the enemy gets his hands on any of it, because a code is based, as you know, upon a set system of words or letters, so once an enemy gets the key or has some of the words, he may break every message. I sat on New Guinea and read the Japanese mail. That is how we got Yamamoto and I was surprised and chagrined when it was disclosed after the war that we broke the Japanese code. It was a secret that we most certainly should have kept, and when I was sent home under the rotation plan it was one of the two most important secrets that we did not talk about. We were cautioned not to. But somewhat later that information came out. I am sorry it came out, because our enemies in the future will be a little more chary about their codes and our opportunity of breaking



them will be a little bit less. Yet, here we have a gentleman, whose service record I do not know anything about, I do not know whether he knows anything about codes or ciphers, who takes it upon himself to prove that we are Prussianizing this country by adopting the Heinz Guderian plan purporting to prove it by inserting classified documents in the CONGRESSIONAL RECORD. I think that is a danger to the security of the United States, and I so pointed out in my remarks about the gentleman's speech. I did say, and I repeat, that the gentleman is a fine, loyal American. I am sorry that he allowed someone to mislead him. I know he thought he was going to get great national publicity as the spokesman for those who wanted to defeat universal military training, as the spokesman for those who would like to have some people believe, and I think for political purposes, that we are trying to Prussianize the United States.

I do not believe for a minute that the Joint Chiefs of Staff of this Nation are men who would Prussianize the United States. I think they are devoted to democracy. I think their responsibility in this day and age is almost beyond our ability to comprehend, especially when you consider that these Joint Chiefs must be prepared to fight not only probable enemies, but every possible combination of possible enemies, when you consider that they must be able to repel any kind of an attack, that they must be able to retaliate against any kind of an attack, that they must be able to deploy our forces in any kind of weather, in any kind of climate, in any place in the world, and that they must plan to do all this in consonance with the economic welfare of the United States—in other words, how much we can afford at any one time. They must also constantly try to make a difficult calculated guess as to when we might have to use any force that we raise. All of this sort of thing casts responsibility on them that few of us would want. I think they are discharging that responsibility with honor to their country and to themselves, and I resent deeply these rash and irresponsible attacks on the Joint Chiefs of Staff such as was made by the gentleman from California. I do not blame him for not wanting me to point these things out. I am sorry to have to do so. But if he makes a similar attack upon me in the future I will not fail to answer him, and to explain the real reason for his venomous distortion of my record—his insidiously clever and studied distortion of it. He has stooped very low. I am, of course, flattered by his attention, but as far as I am concerned personalities mean nothing. I am interested in the security of the United States. I do not think laymen or unauthorized persons should put secret classified documents in the RECORD. I do not think a Congressman should call our Joint Chiefs Prussian. I do not think a Congressman should call our proposed universal military training plan the Heinz Guderian plan, thereby earning the plaudits of the Communists all over the world and causing them to

shout with glee over the success of their subversive propaganda.

I regret that the gentleman saw fit to ask for time in which to attack me personally and to precipitate this debate. I am sorry he has compelled me to tell you why he did so.

The CHAIRMAN. Under the rule, the bill is considered as read for amendment.

The bill is as follows:

*Be it enacted, etc.,* That this act may be cited as the "Powers of Appointment Act of 1951."

#### SEC. 2. Estate Tax—Powers of Appointment.

(a) Section 811 (f) of the Internal Revenue Code (relating to powers of appointment) is hereby amended to read as follows:

"(f) Powers of Appointment:

"(1) Property with respect to which Decedent exercises a general power of appointment created on or before October 21, 1942: To the extent of any property with respect to which a general power of appointment created on or before October 21, 1942, is exercised by the decedent (1) by will or (2) by a disposition which is of such nature that if it were a transfer of property owned by the decedent, such property would be includible in the decedent's gross estate under subsection (c); but the failure to exercise such a power shall not be deemed an exercise thereof.

"If before July 1, 1951, or within the time limited by paragraph (2) of section 403 (d) of the Revenue Act of 1942, as amended, in cases to which such paragraph is applicable, a general power of appointment created on or before October 21, 1942, shall have been partially released so that it is no longer a general power of appointment, the subsequent exercise of such power shall not be deemed to be the exercise of a general power of appointment.

"(2) Powers created after October 21, 1942: To the extent of any property with respect to which the decedent has at the time of his death a general power of appointment created after October 21, 1942, or with respect to which the decedent has at any time exercised or released such a power of appointment by a disposition which is of such nature that if it were a transfer of property owned by the decedent, such property would be includible in the decedent's gross estate under subsection (c); but if such a power lapses during the life of the individual possessing the power, the failure to exercise such power shall not be deemed an exercise or a release of the power. A disclaimer or renunciation of such power of appointment shall not be deemed a release of such power.

"For the purposes of this paragraph (2) the power of appointment shall be considered to exist on the date of the decedent's death even though the exercise of the power is subject to a precedent giving of notice or even though the exercise of the power takes effect only on the expiration of a stated period after its exercise, whether or not on or before the date of the decedent's death notice has been given or the power has been exercised.

"(3) Definition. For the purposes of this subsection the term 'general power of appointment' means only an unlimited, unrestricted power which is exercisable in favor of the decedent, his estate, his creditors, or the creditors of his estate.

"If the decedent is legally accountable for the exercise or nonexercise of a power, such power shall not be deemed a general power of appointment. A power which is exercisable by the decedent only in conjunction with another person shall not be deemed a general power of appointment. A power to consume, invade, or appropriate property for the benefit of the decedent which is limited by an

ascertainable standard relating to the health, education, support or maintenance of the decedent shall not be deemed a general power of appointment.

"(4) Creation of another power in certain cases. To the extent of any property with respect to which the decedent (1) by will or (2) by a disposition which is of such nature that if it were a transfer of property owned by the decedent, such property would be includible in the decedent's gross estate under subsection (c), exercises a power of appointment created after October 21, 1942, by creating another power of appointment which under the applicable local law can be validly exercised so as to postpone the vesting of any estate or interest in such property, or suspend the absolute ownership or power of alienation of such property, for a period ascertainable without regard to the date of the creation of the first power."

(b) Date of creation of power: For the purposes of this section a power of appointment created by a will executed on or before October 21, 1942, shall be considered a power created on or before such date if the person executing such will dies before July 1, 1949, without having republished such will, by codicil or otherwise, after October 21, 1942.

(c) Effective date: The amendments made by this section shall be effective as if made by section 403 of the Revenue Act of 1942 on the date of its enactment (applicable with respect to estates of decedents dying after October 21, 1942).

#### SEC. 3. Gift Tax—Powers of Appointment

(a) Section 1000 (c) of the Internal Revenue Code (relating to powers of appointment) is hereby amended to read as follows:

"(c) Powers of Appointment:

"(1) Exercise of general power of appointment created on or before October 21, 1942: An exercise of a general power of appointment created on or before October 21, 1942, shall be deemed a transfer of property by the individual possessing such power; but the failure to exercise such a power shall not be deemed an exercise thereof.

"If before July 1, 1951, or within the time limited by paragraph (2) of section 452 (b) of the Revenue Act of 1942, as amended, in cases to which such paragraph is applicable, a general power of appointment created on or before October 21, 1942, shall have been partially released so that it is no longer a general power of appointment, the subsequent exercise of such power shall not be deemed to be the exercise of a general power of appointment.

"(2) Powers created after October 21, 1942: The exercise or release of a general power of appointment created after October 21, 1942, shall be deemed a transfer of property by the individual possessing such power; but if such a power lapses during the life of the individual possessing the power, the failure to exercise such power shall not be deemed an exercise or a release of the power. A disclaimer or renunciation of such a power of appointment shall not be deemed a release of such power.

"(3) Definition: For the purposes of this subsection the term 'general power of appointment' means only an unlimited, unrestricted power which is exercisable in favor of the individual possessing the power, his estate, his creditors, or the creditors of his estate.

"If the individual possessing a power is legally accountable for the exercise of nonexercise of the power, such power shall not be deemed a general power of appointment. A power which is exercisable by an individual possessing it only in conjunction with another person shall not be deemed a general power of appointment. A power to consume,

invade, or appropriate property for the benefit of the individual possessing the power which is limited by an ascertainable standard relating to the health, education, support, or maintenance of such individual shall not be deemed a general power of appointment.

"(4) Creation of another power in certain cases: If a power of appointment created after October 21, 1942, is exercised by creating another power of appointment which under the applicable local law can be validly exercised so as to postpone the vesting of any estate or interest in the property which was subject to the first power, or suspend the absolute ownership or power of alienation of such property, for a period ascertainable without regard to the date of the creation of the first power, such exercise of the first power shall, to the extent of the property subject to the second power, be deemed a transfer of property by the individual possessing such power."

(b) Date of creation of power. For the purposes of this section a power of appointment created by a will executed on or before October 21, 1942, shall be considered a power created on or before such date if the person executing such will dies before July 1, 1949, without having republished such will, by codicil or otherwise, after October 21, 1942.

(c) Effective date: The amendments made by this section shall be effective as if made by section 452 (a) of the Revenue Act of 1942 on the date of its enactment (applicable with respect to gifts made in the calendar year 1943 and succeeding calendar years).

With the following committee amendments:

Page 3, line 20, strike out all of subsection (3) and insert the following:

"(3) Definition of general power of appointment: For the purposes of this subsection the term 'general power of appointment' means a power which is exercisable in favor of the decedent, his estate, his creditors, or the creditors of his estate; except that—

"(A) A power to consume, invade, or appropriate property for the benefit of the decedent which is limited by an ascertainable standard relating to the health, education, support, or maintenance of the decedent shall not be deemed a general power of appointment.

"(B) A power of appointment created on or before October 21, 1942, which is exercisable by the decedent only in conjunction with another person shall not be deemed a general power of appointment.

"(C) In the case of a power of appointment created after October 21, 1942, which is exercisable by the decedent only in conjunction with another person—

"(i) if the power is not exercisable by the decedent except in conjunction with the creator of the power—such power shall not be deemed a general power of appointment.

"(ii) if the power is not exercisable by the decedent except in conjunction with a person having a substantial interest in the property, subject to the power, which is adverse to exercise of the power in favor of the decedent—such power shall not be deemed a general power of appointment. For the purposes of this clause a person who, after the death of the decedent, may be possessed of a power of appointment (with respect to the property subject to the decedent's power) which he may exercise in his own favor shall be deemed as having an interest in the property and such interest shall be deemed adverse to such exercise of the decedent's power.

"(iii) if (after the application of clauses (i) and (ii)) the power is a general power of appointment and is exercisable in favor of such other person—such power shall be deemed a general power of appointment only

in respect of a fractional part of the property subject to such power, such part to be determined by dividing the value of such property by the number of such persons (including the decedent) in favor of whom such power is exercisable.

"For the purposes of clauses (ii) and (iii) a power shall be deemed to be exercisable in favor of a person if it is exercisable in favor of such person, his estate, his creditors, or the creditors of his estate."

Page 6, line 13, insert quotation marks at the beginning of the line.

Page 8, line 20, strike out all of subsection (3) and insert the following:

"(3) Definition of general power of appointment: For the purposes of this subsection the term 'general power of appointment' means a power which is exercisable in favor of the individual possessing the power (hereafter in this paragraph referred to as the 'possessor'), his estate, his creditors, or the creditors of his estate; except that—

"(A) A power to consume, invade, or appropriate property for the benefit of the possessor which is limited by an ascertainable standard relating to the health, education, support, or maintenance of the possessor shall not be deemed a general power of appointment.

"(B) A power of appointment created on or before October 21, 1942, which is exercisable by the possessor only in conjunction with another person shall not be deemed a general power of appointment.

"(C) In the case of a power of appointment created after October 21, 1942, which is exercisable by the possessor only in conjunction with another person—

"(i) if the power is not exercisable by the possessor except in conjunction with the creator of the power—such power shall not be deemed a general power of appointment;

"(ii) if the power is not exercisable by the possessor except in conjunction with a person having a substantial interest, in the property subject to the power, which is adverse to exercise of the power in favor of the possessor—such power shall not be deemed a general power of appointment. For the purposes of this clause a person who, after the death of the possessor, may be possessed of a power of appointment (with respect to the property subject to the possessor's power) which he may exercise in his own favor shall be deemed as having an interest in the property and such interest shall be deemed adverse to such exercise of the possessor's power;

"(iii) if (after the application of clauses (i) and (ii)) the power is a general power of appointment and is exercisable in favor of such other person—such power shall be deemed a general power of appointment only in respect of a fractional part of the property subject to such power, such part to be determined by dividing the value of such property by the number of such persons (including the possessor) in favor of whom such power is exercisable.

"For the purposes of clauses (ii) and (iii) a power shall be deemed to be exercisable in favor of a person if it is exercisable in favor of such person, his estate, his creditors, or the creditors of his estate."

Mr. CAMP (interrupting the reading of the committee amendments). Mr. Chairman, since the committee amendments are published in the majority report, I ask unanimous consent that the further reading of the committee amendments be dispensed with and that they be printed at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The committee amendments were agreed to.

The CHAIRMAN. Under the rule, the Committee rose.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. LANHAM, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 2084) relating to the treatment of powers of appointment for estate and gift tax purposes, pursuant to House Resolution 206, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them in gross.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

MEDFORD, MASS., HIGH SCHOOL BAND

Mr. GOODWIN. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. GOODWIN. Mr. Speaker, when a group of individuals through industry, perseverance, and skill and motivated by high patriotic purpose is able to achieve the highest distinction in a given field, it is certainly worthy of notice and commendation. The high-school band, of Medford, Mass., the largest city in my congressional district, is on a concert tour and is today in Washington, when the Nation's Capital will have an opportunity to hear this splendid 100-piece band under the supervision of Ralph I. Schoonmaker, director. This band was organized in 1930 and after the first 4 years began to win top ratings in high-school contests and now holds a first division rating in all State and sectional contests and is the first school band in New England. They played at the New York World's Fair in 1939 and at the international music festival in Montreal in 1946. The current tour is sponsored by Medford Band Parents' Association under the direction of Albert W. Wiltshire, chairman. During the tour the band gave a concert in New York when these accomplished young musicians were given the thrill of playing under the magical baton of the celebrated conductor, Edwin Franko Goldman, and they expect to play tonight at the Walter Reed Hospital to entertain the wounded veterans.

Accompanying the band are a number of the high-school teachers and parents. As evidence of the honor deemed appropriate to be bestowed upon the high-school band by the people back home in Medford, it is noteworthy that the mayor of Medford, Hon. Frederick T. McDer-



mott left his busy desk in city hall to accompany this musical organization of which all the people of Medford are so justly proud. I am sure my colleagues will join in the pride I feel at the signal accomplishments of these young people who are going to play so important a part in the making of the greater America which is to be.

#### EXTENSION OF REMARKS

Mr. O'TOOLE asked and was given permission to extend his remarks and include an editorial from the Brooklyn Tablet.

Mr. MACHROWICZ asked and was given permission to extend his remarks and include extraneous material.

Mr. YORTY asked and was given permission to extend his remarks in five instances and include extraneous matter.

Mr. HAYS of Ohio asked and was given permission to extend his remarks in two instances and include extraneous matter.

Mr. BARTLETT asked and was given permission to extend his remarks and include an editorial.

Mr. RIBICOFF asked and was given permission to extend his remarks and include a message by Frazar B. Wilde.

Mr. REAMS asked and was given permission to extend his remarks and include extraneous matter.

Mr. ANGELL asked and was given permission to extend his remarks and include a newspaper article.

Mr. DONDERO asked and was given permission to extend his remarks in four instances and in each include extraneous matter.

Mr. SCRIVNER asked and was given permission to extend his remarks and include a newspaper article.

Mr. KEATING asked and was given permission to extend his remarks in two instances and include editorials.

Mr. VAN ZANDT asked and was given permission to extend his remarks and include extraneous matter.

Mr. HALE asked and was given permission to extend his remarks and include an address by [Mr. HERTER].

Mr. HESELTON asked and was given permission to extend his remarks in three instances and include extraneous matter.

Mr. SHEEHAN asked and was given permission to extend his remarks and include a newspaper article.

Mr. SABATH asked and was given permission to extend his remarks in two instances and in one to include an article referring to world war III.

Mr. DEANE asked and was given permission to extend his remarks and include an editorial.

Mr. ZABLOCKI asked and was given permission to extend his remarks and include an editorial.

Mr. HARRIS asked and was given permission to extend his remarks and include a message from Col. T. H. Barden.

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I made on last Friday on the veterans' legislation, and also on the Tennessee Valley Authority, and to include extraneous matter in each one.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. HAYS of Arkansas asked and was given permission to extend his remarks and include a statement.

Mr. DOYLE asked and was given permission to extend his remarks in four instances and in each include appropriate material.

Mr. CAMP asked and was given permission to revise and extend his remarks on the bill H. R. 2084 and include a description of the bill.

#### ENROLLED BILLS SIGNED

Mr. STANLEY, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 321. An act to provide that on and after January 1, 1952, dividends on national service life insurance shall be applied in payment of premiums unless the insured has requested payment of dividends in cash;

H. R. 576. An act for the relief of Fred E. Weber;

H. R. 591. An act for the relief of B. J. Scheuerman, Daniel Fuller, W. Hardesty, and John M. Ward;

H. R. 594. An act for the relief of Japhet K. Anvil and Howard A. Monroe;

H. R. 622. An act for the relief of Mrs. Oksana Stepanovna Kasenkina.

H. R. 632. An act for the relief of Janina Wojcicka, Wojciech Andrzej Wojcicki, and Stanislaw Wojcicki;

H. R. 664. An act for the relief of Mrs. Coral E. Alldritt;

H. R. 667. An act for the relief of Hildegard Dettling and Judith Ingeborg Dettling;

H. R. 714. An act for the relief of James A. G. Martindale;

H. R. 781. An act for the relief of Frederick Edmond Tomkins, Mary Ann Tomkins, and Edward Marshall Tomkins;

H. R. 789. An act for the relief of John Yan Chi Gee;

H. R. 859. An act for admission to the United States of Mrs. Margot Kazerski;

H. R. 887. An act for the relief of First Lt. Walter S. Moe, Jr.;

H. R. 889. An act for the relief of Lena Valsamis and Lucy Balosa Valsamis;

H. R. 890. An act for the relief of Athina Mary Onassis;

H. R. 891. An act for the relief of Mary Valsamis Dendramis and Vassili G. Dendramis;

H. R. 898. An act for the relief of Gunter Arno Thelemann;

H. R. 1101. An act for the relief of Mrs. Sadako Kawamura Lawton;

H. R. 1111. An act for the relief of Taro Takara;

H. R. 1117. An act for the relief of Kimiko Shibuya;

H. R. 1121. An act for the relief of Chin Yok Kong;

H. R. 1141. An act for the relief of St. Patrick Hospital and the Western Montana Clinic;

H. R. 1150. An act for the relief of Mario Pucci, Giacomo Favetti, Giuseppe Omati, Vincenzo Andreani, Lambruno Sarzanini, and Alessandro Costa;

H. R. 1164. An act for the relief of Pietro Giannettino;

H. R. 1263. An act for the relief of Dr. Chia Len Liu;

H. R. 1264. An act for the relief of Jacquelyn Shelton;

H. R. 1421. An act for the relief of Dr. Fernand Van Den Branden;

H. R. 1422. An act for the relief of Carl Parks;

H. R. 1438. An act for the relief of Mrs. Ingeborg Ruth Sattler McLaughlin;

H. R. 1451. An act for the relief of Charles R. Keicher;

H. R. 1475. An act for the relief of Elena Erbez;

H. R. 1798. An act for the relief of the estate of Yoshio Fukunaga, deceased;

H. R. 2068. An act for the relief of Sook Kat;

H. R. 2175. An act for the relief of Addie Dean Garner-Scott;

H. R. 2304. An act for the relief of Bernard F. Elmers;

H. R. 2357. An act for the relief of Lucia Adamos;

H. R. 2450. An act for the relief of Concetta Santagati Giordano;

H. R. 2654. An act to amend section 10 of Public Law 378, Eighty-first Congress;

H. R. 2714. An act for the relief of Marcelle Lecomte;

H. R. 3196. An act to amend section 153 (b) of the Internal Revenue Code;

H. R. 3291. An act to amend subdivision a of section 34 of the Bankruptcy Act, as amended; and

H. R. 3292. An act to amend subdivision a of section 55 of the Bankruptcy Act, as amended.

#### ADJOURNMENT

Mr. PRIEST. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 3 minutes p. m.) the House adjourned until tomorrow, Tuesday, May 8, 1951, at 12 o'clock noon.

#### OATH OF OFFICE, MEMBERS AND DELEGATES

The oath of office required by the sixth article of the Constitution of the United States, and as provided by section 2 of the act of May 13, 1884 (23 Stat. 22), to be administered to Members and Delegates of the House of Representatives, the text of which is carried in section 1757 of title XIX of the Revised Statutes of the United States and being as follows:

"I, A B, do solemnly swear (or affirm) that I will support and defend the Constitution of the United States against all enemies, foreign and domestic; that I will bear true faith and allegiance to the same; that I take this obligation freely, without any mental reservation or purpose of evasion; and that I will well and faithfully discharge the duties of the office on which I am about to enter. So help me God."

has been subscribed to in person and filed in duplicate with the Clerk of the House of Representatives by each of the following Members of the Eighty-second Congress, pursuant to Public Law 412 of the Eightieth Congress entitled "An act to amend section 30 of the Revised Statutes of the United States" (U. S. C., title 2, sec. 25), approved February 18, 1948:

JOHN C. WATTS, Sixth District, Kentucky.

CLAUDE I. BAKEWELL, Eleventh District, Missouri.

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

437. A letter from the Comptroller General of the United States, transmitting a report on the audit of Reconstruction Finance Corporation and its wholly owned subsidiary Federal National Mortgage Association for the fiscal year ended June 30, 1950 (H. Doc. No. 125); to the Committee on Expenditures in the Executive Departments and ordered to be printed.

438. A letter from the Assistant Secretary of Agriculture, transmitting a statement of

research work being performed under contracts or cooperative agreements, showing the names of the agencies cooperating and the amounts expended thereon, pursuant to the Research and Marketing Act of 1946, approved August 14, 1946, Public Law 733; to the Committee on Agriculture.

439. A letter from the Assistant Secretary of the Interior, transmitting at the request of Governor Stainback of Hawaii, a certified copy of joint resolution 2, requesting the enactment of legislation requiring Federal departments to withhold Territorial taxes upon compensation on the same basis as Territorial departments and political subdivisions of the Territory; to the Committee on Ways and Means.

440. A letter from the Attorney General, transmitting copies of the orders of the Commissioner of the Immigration and Naturalization Service granting the application for permanent residence filed by the subjects of such orders, pursuant to section 4 of the Displaced Persons Act of 1948, as amended; to the Committee on the Judiciary.

441. A letter from the Secretary, Federal Prisons Industries, Inc., United States Department of Justice, transmitting the annual report of the Directors of Federal Prison Industries, Inc., for the fiscal year 1950, pursuant to the act approved June 23, 1934 (48 U. S. C. 4127); to the Committee on the Judiciary.

#### PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. VAN ZANDT:

H. R. 3991. A bill relating to the annual adjustment of the basic pay of members of the uniformed services; to the Committee on Armed Services.

By Mr. GOODWIN:

H. R. 3992. A bill to grant pensions to certain veterans of the War With Spain, the Philippine Insurrection, or the China Relief Expedition who served less than 70 days; to the Committee on Veterans' Affairs.

By Mr. HUGH D. SCOTT, JR.:

H. R. 3993. A bill to provide for the issuance of bonds of the United States in compensation for certain annual leave accumulated by Government officers and employees; to the Committee on Ways and Means.

By Mr. SIKES:

H. R. 3994. A bill to amend the definition of "agriculture" as contained in section 3 (f) of the Fair Labor Standards Act of 1938, as amended; to the Committee on Education and Labor.

By Mr. COLMER:

H. R. 3995. A bill to authorize the Secretary of Commerce to transfer to the Department of the Navy certain land and improvements at Pass Christian, Miss.; to the Committee on Merchant Marine and Fisheries.

By Mr. JONES of Alabama:

H. R. 3996. A bill to amend the Veterans' Regulations to provide that malignant tumors developing a 10 percent or more degree of disability within 5 years after separation from active service shall be presumed to be service-connected; to the Committee on Veterans' Affairs.

By Mr. KLEIN:

H. R. 3997. A bill to increase the normal tax and surtax exemption, and the exemption for dependents, from \$600 to \$1,000; to the Committee on Ways and Means.

By Mr. NORRELL:

H. R. 3998. A bill to amend subsection 602 (j) of the National Service Life Insurance Act of 1940, as amended; to the Committee on Veterans' Affairs.

By Mr. BENNETT of Florida:

H. R. 3999. A bill to provide for the conveyance of a portion of the federally owned lands which are situated within Camp Bland-

ing Military Reservation, Fla., to the Armory Board, State of Florida, and for other purposes; to the Committee on Armed Services.

By Mr. RANKIN:

H. R. 4000. A bill to amend subsection 602 (f) of the National Service Life Insurance Act of 1940, as amended, to authorize renewals of level premium term insurance for successive 5-year periods; to the Committee on Veterans' Affairs.

By Mr. McCORMACK:

H. J. Res. 254. Joint resolution to provide for investigating the feasibility of establishing a coordinated local, State and Federal program in the city of Boston, Mass., and general vicinity thereof, for the purpose of preserving the historic properties, objects, and buildings in that area; to the Committee on Interior and Insular Affairs.

By Mr. MITCHELL:

H. J. Res. 255. Joint resolution to permit articles imported from foreign countries for the purpose of exhibition at the Japanese Trade Fair, Seattle, Wash., to be admitted without payment of tariff, and for other purposes; to the Committee on Ways and Means.

By Mr. ROGERS of Florida:

H. Con. Res. 101. Concurrent resolution urging the General Assembly of the United Nations to take action with respect to placing an arms embargo on Communist China, and for other purposes; to the Committee on Foreign Affairs.

#### MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By Mr. GOODWIN: Memorial of Massachusetts Legislature in favor of the passage of legislation revising the laws relating to immigration, naturalization, and nationality; to the Committee on the Judiciary.

Also, memorial of Massachusetts Legislature for Congress to enact legislation to authorize the waiving of certain requirements of the naturalization laws in the case of persons whose sons or daughters have served in the Armed Forces of the United States; to the Committee on the Judiciary.

By Mr. MARTIN of Massachusetts: Memorial of the General Court of Massachusetts favoring passage of legislation revising the laws relating to immigration, naturalization, and nationality; to the Committee on the Judiciary.

Also, memorial of the General Court of Massachusetts favoring enactment of legislation to authorize the waiving of certain requirements of the naturalization laws in the case of persons whose sons or daughters have served in the Armed Forces of the United States; to the Committee on the Judiciary.

By the SPEAKER: Memorial of the Legislature of the Territory of Hawaii, relative to enacting legislation authorizing organization of a Hawaii Territorial Guard prior to the Hawaii National Guard being called into active Federal service; to the Committee on Armed Services.

#### PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BRYSON:

H. R. 4001. A bill for the relief of Dr. Manuel Magtalis Geronimo and Dr. Rita Villaroman Geronimo; to the Committee on the Judiciary.

By Mr. MARTIN of Massachusetts:

H. R. 4002. A bill for the relief of Sandra E. Dennett; to the Committee on the Judiciary.

By Mr. SCHWABE:

H. R. 4003. A bill for the relief of L. E. Lewis; to the Committee on the Judiciary.

#### PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

275. By Mr. HESELTON: Resolutions of the General Court of the Commonwealth of Massachusetts memorializing Congress in favor of the passage of legislation revising the laws relating to immigration, naturalization, and nationality; to the Committee on the Judiciary.

276. Also, resolutions of the General Court of the Commonwealth of Massachusetts memorializing Congress to enact legislation to authorize the waiving of certain requirements of the naturalization laws in the case of persons whose sons or daughters have served in the Armed Forces of the United States; to the Committee on the Judiciary.

277. By Mr. LANTAFF: Concurrent resolution by the Senate of the State of Florida, requesting the Congress of the United States to disregard house memorial No. 15 adopted by the Florida Legislature in 1943, and house concurrent resolution No. 10 adopted by the 1945 legislature, and senate memorial No. 282 adopted by the 1949 legislature, thus rescinding, recalling and revoking the aforesaid memorials from the State of Florida for the convening of a constitutional convention, as provided by article V of the Constitution of the United States of America, the subject matter of said memorials being to initiate and adopt an amendment to the Constitution of the United States of America, whereby the United States of America might participate in a limited world federal government; to the Committee on the Judiciary.

## SENATE

TUESDAY, MAY 8, 1951

(Legislative day of Wednesday, May 2, 1951)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Rev. Leland Stark, rector of the Church of the Epiphany, Washington, D. C., offered the following prayer:

O God our Heavenly Father, from whose bountiful hand has come every good gift, we thank Thee that Thou hast given us this good land for our heritage, and we pray Thee that, ever mindful of Thy favor, we may show forth our thankfulness to Thee by an eagerness to know and to do Thy will.

To that end give us the grace to acknowledge that in this time of crisis and uncertainty we need the help of Thy guidance. Give us the spirit of humility that, honestly confessing the inadequacy of our human wisdom and power, we may boldly ask for that supplement of divine wisdom and power which Thou alone canst give.

And so with confidence in Thy help we now commit ourselves and our Nation into Thy gracious keeping, beseeching Thee that Thou wouldst be pleased to use us as instruments of Thy will for the welfare of Thy people everywhere.

These things we pray in the name of Jesus Christ our Lord. Amen.

#### THE JOURNAL

On request of Mr. McFARLAND, and by unanimous consent, the reading of the Journal of the proceedings of Monday, May 7, 1951, was dispensed with.